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FOREIGN MINISTRY HOLDS WEEKLY NEWS BRIEFING

Philippine Stability Desired

OW260902 Beijing XINHUA in English 0856 GMT 26 Nov 86

[Text] Beijing, November 26 (XINHUA) -- China hopes that the situation in the Philippines will be stable under the leadership of the government headed by President Corazon Aquino.

The statement was made here today by a Foreign Ministry spokesman at the weekly news briefing.

Asked to comment on the situation in the Philippines, the spokesman said, "We do not make comment on the internal affairs of the Philippines."

Benin President To Visit

OW260932 Beijing XINHUA in English 0910 GMT 26 Nov 86

[Text] Beijing, November 26 (XINHUA) -- Mr. Mathieu Kerekou, president of the People's Republic of Benin and of its National Executive Council, will come to visit China December 12 for an official goodwill visit at the invitation of Chinese President Li Xiannian.

President Mathieu Kerekou is also chairman of the Central Committee of the Benin People's Revolutionary Party.

A Foreign Ministry spokesman made this announcement at a weekly news briefing here today.

UN ENVOY PROPOSES INTERNATIONAL SECURITY PLAN

OW251220 Beijing XINHUA Domestic Service in Chinese 0740 GMT 25 Nov 86

[Text] United Nations, 24 Nov (XINHUA) -- The current international situation is still disturbing, but it has become an irresistible trend in the world today that people everywhere aspire for peace, said Chinese representative to the United Nations Fan Guoxiang when speaking at the First Committee of the UN General Assembly [UNGA] today.

Fan Guoxiang expressed the above view when the First Committee of the UNGA was examining and discussing the four items concerning international security on the agenda of the current session. He proposed a five-point plan for safeguarding and strengthening international security:

1. It is necessary to strictly abide by the peaceful coexistence principle and oppose hegemonism and power politics in dealing with country-to-country relations.

2. Various measures must be taken to oppose the arms race between the superpowers.

3. Regional "hot spots" caused by foreign aggression, intervention, and occupation must be eliminated.

4. Efforts must be made to accelerate the economic growth of developing countries and to improve the North-South relations.

5. The United Nations' positive role in strengthening international security must be brought into full play.

Fan Guoxiang stressed: The superpowers must take the lead with drastic arms cuts, nuclear arms cuts in particular, thereby creating conditions for the nuclear arms reduction of all nuclear nations. To ensure security in the Asian-Pacific region, it is imperative to substantially reduce the nuclear missiles deployed by the two superpowers in this region and to eliminate the two "hot spots" of Afghanistan and Cambodia.

PRC REITERATES OPPOSITION TO ARMS RACE IN SPACE

OW260918 Beijing XINHUA in English 0851 GMT 26 Nov 86

[Text] United Nations, November 25 (XINHUA) -- China today urged at the U.N. General Assembly the superpowers with special responsibilities for the prevention of arms race and militarization in outer space to engage in genuine negotiations.

Speaking at the Special Political Committee of the 41st General Assembly Session, Huang Jiahua, Chinese deputy permanent representative to the United Nations, warned that "extension of the arms race into outer space has posed serious obstacles to its peaceful use and a grave menace to international peace and security."

He reiterated that China is opposed to any form of arms race and militarization in outer space.

The Chinese representative welcomed the final adoption by consensus of the draft principles on remote sensing of the earth from space after 12 years of negotiations in the U.N. Outer Space Committee.

"This set of draft principles embodies the compromise of different interests and claims and establishes the general principles governing remote sensing activities. It will serve to further promote the development of remote sensing activies in outer space," he added.

Huang said China hopes the space programs the Outer Space Committee is working on could be low-cost and effective, match the needs and level of the developing countries and lead to the expansion of international cooperation in outer space.

Huang announced that the Chinese Government will hold in Beijing in 1988, an international symposium on "Space Application in Communications and TV Education Through Satellite" -- as a contribution to the U.N. space program.

SHIJIE ZHISHI VIEWS U.S. TRADE PROTECTIONISM

HK190241 Beijing SHIJIE ZHISHI in Chinese No 21, 1 Nov 86 pp 9-10

[Article by Zhen Bingxi (3914 3521 4406): "U.S. Trade Protectionism: The Third World Falls Victim"; capitalized passages published in boldface]

[Text] TRADE PROTECTIONISM IN THE UNITED STATES IS GETTING INCREASINGLY SERIOUS, WHICH HAS BEEN MAINLY REFLECTED IN THE PRACTICE OF MAKING A BIG ISSUE OF THE NON-TARIFF BARRIERS. WHAT THE UNITED STATES IS DOING HAS SEVERELY HAMPERED ECONOMIC DEVELOPMENT OF THE DEVELOPING COUNTRIES AND AGGRAVATED THE DEBT CRISIS OF DEBTOR COUNTRIES.

In recent years, trade protectionism has been getting increasingly serious in developed countries, the United States in particular. This has greatly harmed the interests of developing countries. In September this year, a GATT ministerial meeting held in the Uruguayan city of Punta del Este reached an agreement on the new round of talks to be convened early next year, namely the eighth round of talks on multilateral trade. Developing countries hope that the new round of trade talks will stem the tide of protectionism.

Great Increase in Non-tariff Barriers [subhead]

Since the seventh round of multilateral trade talks held during 1973-79, the developed countries of the West have pulled in their horns with regard to tariff barriers. However, as far as non-tariff barriers are concerned, they have played various tricks. According to a study report by the GATT, at present the Western developed countries have adopted more than 900 restrictive measures in terms of non-tariff barriers, the United States in particular. Date from the UN trade and development meeting revealed: Some 43 percent of the products imported by the United States was affected by the non-tariff barriers. Some 22.3 and 12 percent of products respectively imported by the EEC and Japan were also affected. According to an issue of THE ECONOMIST of Britain published in March last year, during U.S. President Reagan's first term, the number of trade protectionism measures was the largest compared with various postwar U.S. governments. Since his second term of office, the wave of trade protectionism in the United States has run rampant. The number of trade protectionism bills submitted to Congress by various enterprises and organizations increased from 200 or so in 1984 to about 500 in 1985.

There are economic and political reasons contributing to trade protectionism measures wantonly adopted by the United States. Foreign trade deficits have greatly increased since Reagan took office. From 1982 to 1985, the accumulated total of foreign trade deficits was $383.9 billion. Some trades were in a difficult position because of competition with or challenges from some developed countries and some newly industrialized developing countries. To extricate itself from a predicament and to reduce foreign trade deficits, the Reagan administration has sought help from trade protectionism to curb imports. During the mid-term election of the U.S. Congress this year, both the Republican and Democratic parties attempted to use trade protectionism bills to ingratiate themselves with voters to win more votes. In such a way, the wave of trade protectionism is surging forward.

THE MAIN MEASURES TAKEN BY THE UNITED STATES ARE:

1. MAKING USE OF MULTIFIBER ARRANGEMENT [MFA] TO RESTRICT THE IMPORTS OF TEXTILE PRODUCTS MANUFACTURED BY DEVELOPING COUNTRIES. In 1973, developed countries and more than 40 developing countries (regions) signed the MFA. According to the agreement, developed countries are allowed to adopt a temporary quota system. [paragraph continues]

On the basis of this agreement, the United States has signed more than 30 bilateral agreements with developing countries, which restrict the exports of textile products and garments of the developing countries to the United States. According to stipulations contained in the MFA, all these restrictions are only temporary measures. But the United States has extended the agreement again and again. Whenever the agreement is extended, the import quotas are reduced. For example, the annual growth rate of the import of textile products from Hong Kong was reduced from 6 percent in the first phase of the agreement (1974-78) to 0.1 percent in the third phase of the agreement (1982 to July of 1986). In the fourth phase of the agreement signed at the end of July this year, various restrictions were retained. Furthermore, as demanded by the United States, import restrictions were imposed on ramie, linen, and silk products which were previously not covered by the agreement.

2. WITH REGARD TO GENERAL PREFERENCE DUTIES, STRICT RESTRICTIONS HAVE BEEN IMPOSED ON THE NEWLY INDUSTRIALIZED DEVELOPING COUNTRIES (REGIONS). The system of general preference duties has been implemented for more than 10 years. According to the system, certain products exported by developing countries to the markets of developed countries in the West can enjoy preferential treatment of tax exemption or reduction. In recent years, the United States has drastically reduced the implementation of the system. The preferential system itself is a system of preference duties which prohibits arbitrary restoration of high customs duties. As a result, the United States has adopted more flexible and concealed non-tariff restrictive measure. For example, it has made use of quotas, restrictions, standards for the necessity of competition, and so on to kick up a rumpus and restrict the implementation of the system of general preference duties. the so-called "standards for the necessity of competition" mean that products exported by any countries (regions) to the United States must not exceed 50 percent of the import market share of the products in the United States, or an import quota of $53 million. If these standards are exceeded, preferential treatment will be cancelled. The "1984 Trade and Tariff Act" further reduced the "standards for the necessity of competition" to 25 percent and $25 million respectively. Due to the implementation of the stipulations concerned, the product value of developing countries excluded from the system of general preference duties increased from $680 million in 1981 to $13.8 billion in 1985. It is estimated that products valued at more than $13 billion will also be excluded from the system this year. Industrial products manufactured by the newly industrialized developing countries and regions such as Brazil, Mexico, South Korea, Singapore, Hong Kong, and so on are mainly affected.

3. THE IMPLEMENTATION OF NON-TARIFF RESTRICTIVE MEASURE SUCH AS COUNTER DUMP, OFFSET TARIFF, AND SO ON AGAINST IMPORTED PRODUCTS RESULTS FROM THE SO-CALLED "UNFAIR" TRADE ACTIONS. Whether the imported products belong to "unfair" trade is determined by the departments concerned in the United States. The decision is based on whether the interests of the same trades in the United States are "severely harmed" in terms of prices, market penetration rate (the percentage of imports in total sale) and so on. Due to the implementation of this measure, many imported products resulting from "fair trade" can be arbitrarily classified as "unfair trade." An "offset tariff" ranging from 2 to 77 percent will be levied on products resulting from "unfair" trade. This has severly affected the sale of these commodities. The U.S. "1984 Trade and Tariff Act" contains further stipulations on whether the interests of the same trades in the United States are "severly harmed." The import penetration rate is based on the "accumulated" amount of products imported from several countries (regions), rather than on the basis of the amount of imported products from a single country (region). As a result, imported products from a single country (region). As a result, imported products which were formerly not regarded as "severly harming" U.S. interests are now affected by the restrictive measures such as counter dump, and so on. [paragraph continues]

According to statistics issued by the U.S. Department of Commerce, during a 5-year period from 1980 to 1984, 45 cases of exported products covered by counter dump measures were examined and handled by the U.S. International Trade Commission. However, in 1985 alone, the number of the cases was as high as 37.

4. THE UNITED STATES HAS TAKEN A UNILATERAL ACTION TO FORCEFULLY RESTRICT THE IMPORTS OF FINISHED PRODUCTS FROM DEVELOPING COUNTRIES, THE IMPORTS OF TEXTILE PRODUCTS IN PARTICULAR. In September 1984, the U.S. Customs Service started implementing the so-called "Regulations on Place of Origin." The palce of origin is determined by "main processing procedure," and the import of a large quantity of textile products was curbed under the pretext of "unclear source of origin." Early this year, the Customs Service announced again that starting from March "official import" doucments should be submitted for importing all textile products and garments. The regulation on tax exemption for the import of small quantities of textile products from Hong Kong and 24 other countries and regions has now been annulled.

In addition, the United States has also pursued a policy of subsidizing exports of agricultural products. According to the "1985 Agricultural Motion," from 1986 to 1988, the U.S. Government will annually provide American farm owners with $2 billion in export subsidies to scramble for the market in agricultural products.

Developing Countries Suffer a Great Deal [subhead]

Last year, influenced by the slow economic growth of the United States and its trade protectionism, the growth rate of exports to the United States of some finished products exporting countries (regions) in Asia, which have relied heavily on the U.S. economy, dropped drastically. The growth rate of exports from Malaysia, Singapore, and Hong Kong to the United States dropped respectively from 28, 38, and 29 percent in 1984 to -16,7, and 1.6 percent in 1985. Due to the implementation of the "regulations on place of origin" for textile products, the export of Hong Kong's textile products has decreased by 14 percent, with an annual loss of $300 million. In April this year, the United States announced that restrictions will be imposed on the import of rice as of the second half of the year, causing a loss to Thailand in the hundreds of millions of U.S. dollars. Attacked by trade protectionism, the economic growth rate of the ASEAN countries dropped from 4 percent in 1984 to 1.7 percent in 1985. The growth rate of Singapore dropped from 8.4 to -1.7 percent.

In recent years, half of the export products of Latin America -- steel, agricultural products, and textile products in particular -- has been affected by trade restrictions by developed countries, such as the United States and others. According to a report by the IMF, the exports of 7 kinds of products (meat, cereal foodstuffs, sugar, textile products, garments, iron and steel, and shoes) by 10 major debtor countries have been restricted by the United States and other countries, so that their export revenue has dropped by 5-10 percent, which is equal to more than 50 percent of interest they pay every year. The United States has decided to sell wheat to the Soviet Union on a subsidy basis. This has caused an annual loss of $1 billion to Argentina. The drop in export revenue has adversely affected the ability of debtor countries to pay their debts. Therefore, many of them have issued a warning to developed countries: If they do not give up trade protectionism, the debt crisis will be agravated.

Judging from the above situation, it is understandable that developing countries strongly urged the curbing of trade protectionism at the Punta del Este meeting. However, it seems that advanced countries like the United States and others will not easily give up their present practice. It is obvious that the eighth round of multilateral trade talks will be an arduous struggle.

U.S. TRADE PROTECTIONISM HURTS THIRD WORLD

OW210617 Beijing Domestic Service in Mandarin 1150 GMT 18 Nov 86

["Talk on Current Events": "Third World Countries Are Deeply Hurt by Rampant Trade Protectionism in the United States"]

[Excerpts] In recent years, trade protectionism has grown more serious in developed countries -- the United States in particular -- which has severely harmed the interests of developing countries. [passage omitted]

The losses sustained by the developing countries may be due to their economic policies, but they are primarily the result of U.S. non-tariff trade protectionism measures which include the following:

First, the Reagan administration has used the Multi-Fiber Arrangement to limit imports of textiles from developing countries. [passage omitted]

Next, the United States has placed strict controls on newly industrialized developing countries and regions when implementing the Generalized System of Preferences. [passage omitted]

Additionally, the United States has adopted non-tariff measures such as antidumping and penalty duties against products found to have been imported through so-called unequal trade. [passage omitted]

Furthermore, the United States has unilaterally taken actions to restrict the imports of animal byproducts, textiles in particular, from developing countries. [passage omitted]

There are economic and political factors behind this rampant trade protectionism in the United States. Trade deficits have skyrocketed since President Reagan took office. The accumulated trade deficit was 383.9 billion from 1982-85. Some trades and industries are in trouble because of competition and challenges from other developed and newly industrialized developing nations.

The fact is, after the economic crises of the capitalist world in 1973-75, all major capitalist countries have experienced economic difficulties and faced the problems of structural readjustment, serious unemployment, and a more acute market. On top of this, the two successive oil crises have thrown trade development in capitalist countries out of balance. The U.S. monopoly in the international trade among capitalist countries has been weakened, while Japan has recorded a huge trade surplus because of the trade war between the United States and West Europe. In order to get out of this difficult situation and reduce trade deficits, the Reagan administration has resorted to trade protectionism.

Faced with these challenges, the international community has taken corresponding measures. This was illustrated by the GATT ministerial meeting held in Punta del Este, Uruguay, last September. This meeting reached an agreement on holding the eighth round of multilateral trade neogiations early next year. The developing countries hope to curb trade protectionism through this new round of negotiations.

Of course, this alone is not adequate. The large number of developing countries will further strengthen South-South cooperation, promote regional and multilateral economic exchanges, and alleviate and eliminate debt crises in order to check the new trade protectionism measures taken by the United States and other developed countries.

RENMIN RIBAO ON SOVIET FOREIGN ECONOMIC POLICY

HK250843 Beijing RENMIN RIBAO in Chinese 21 Nov 86 p 7

[Article by Yan Zheng (0917 2973): "Changes in the Soviet Foreign Economic Field"]

[Text] In order to absorb foreign capital and advanced technology, and to ensure the implementation of its "speedup development strategy," the Soviet Union is carrying out all-round reform of its foreign economic relations, including the strategic principles, structure, systems, and policies in this field.

According to some reports, CPSU General Secretary Gorbachev pointed out in a recent speech that a "new form of thinking" should be adopted to formulate the Soviet Union's foreign economic strategy. The Soviet leaders and experts hold that with the development of science and technology, the "interdependent relations" in the world's economy are also developing, and as a part of the world economy, the Soviet economy shares certain "common interests" and "integrated demands" with the world economy. They stress that under modern conditions, it is unreasonable and also impossible to maintain a close economic pattern and to continue "economic seclusion;" instead, the Soviet Union must continuously expand its economic relations with the outside world and raise the degree of openness in its national economy.

According to this new foreign economic strategy, the Soviet Union has greatly changed its long-standing rigid and inflexible attitude, and has begun to take an active part in the activities of various international economic organizations and multinational economic institutions, and to make down-to-earth efforts to diversify its foreign economic relations. This year, it has expressed many times its hope to join the GATT as a non-voting member. It submitted its official application for the first time on 15 August, hoping that it would be able to participate in the world trade negotiations organized by GATT. After its application was rejected, it did not abandon its efforts to become an official member of this world trade organization. The Soviet Union has also expressed a hope to join the International Monetary Fund and the World Bank, as well as other international financial institutions. Its foreign trade bank has decided to officially participate in business activities on the European bond market, and has become a member of a bank syndicate for the issuance of Japanese yen bonds. The Soviet Union has changed its long-standing position of refusing to recognize the EC and has expressed its willingness to strengthen economic cooperation with the EC. It has also decided to adopt a "creative attitude" to developing its relations with the EC.

For a long time past, the Soviet Union has always rejected Western companies' proposals for setting up "joint ventures" and "united enterprises," but now it ardently hopes that Western companies will make direct investments in the Soviet Union in the machine-building, electronics, electrical engineering, textile, agricultural, food processing, and energy industries, and open united enterprises in these fields. So far, the Soviet leaders have rendered official invitations to France, Sweden, Spain, Finland, Switzerland, and Canada to run united enterprises in the Soviet Union. The Soviet economic and trade departments have specially invited many Western industrialist and businessmen from the United States, Japan, the FRG, and France to hold talks in Moscow, discussing the specific details about running united enterprises. People participating in this meeting decided to set up a special group to study the legal issues concerned. According to relevant reports, the Soviet Union will soon promulgate new regulations on the establishment and operation of joint ventures with foreign companies.

Economic relations between the Soviet Union and other socialist countries in the CEMA have also changed from a pattern based mainly on trade, to an integrated pattern in which production specialization and economic cooperation are raised to a more sophisticated degree. Enterprises and industrial departments in the Soviet Union and the CEMA countries have established direct cooperation relations and formed united corporations so that they "can solve all economic issues in the scope of their cooperation on their own." Reportedly, Soviet enterprises and companies in East European countries have set up more than 20 united enterprises. In most of these united enterprises, the Soviet side contributed capital funds and the East European side contributed technology. Meanwhile, the Soviet Union has also laid a stable foundation for economic cooperation with developing countries through signing long-term trade agreements.

On the other hand, the Soviet Union has changed its traditional export structure with energy and raw materials as the main body of its export goods, and is making efforts to increase the export of machines, equipment, and high-tech manufactured goods. It is tapping the foreign trade potential to increase foreign exchange income.

The Soviet Union has been carrying out bold reform of its foreign economic structure so as to adapt it to the changes in its foreign economic strategy and policies. In September this year, the CPSU Central Committee and the USSR Council of Ministers adopted two resolutions on "measures for improving the management of foreign economic relations" and "measures for improving the management of economic and technological cooperation with socialist countries." For the first time, these measures changed the old foreign economic structure based on a high degree of state monopoly, which has existed for a few decades. According to the new measures, beginning 1 January 1987, more than 20 economic ministries and departments, together with 70 large enterprises, will have the power to arrange their foreign economic activities directly on their own, and will be able to set up their own foreign trade companies which bear sole responsibility for their business results in the import and export trade.

The reform of the foreign economic structure and the adjustment of the foreign economic policy in the Soviet Union, have attracted international attention. Some Western newspapers described this as actions of "epoch-making significance" which show that the Soviet economy is "situated at a new turning point."

USSR-PRC FRIENDSHIP GROUP HOLDS MOSCOW CONGRESS

OW251943 Beijing XINHUA in English 1612 GMT 25 Nov 86

[Text] Moscow, November 25 (XINHUA) -- Sergey Tikhvinskiy was today reelected chairman of the Soviet-China Friendship Society at the fourth congress of the organization.

In his report to the meeting on the society's work since its last congress held in 1978, Tikhvinskiy, a well-known Sinologist, said the society has in the past few years done a great deal and achieved notable successes in promoting friendship, contacts and mutual understanding between the Soviet and Chinese peoples. He pledged further efforts of his organization to help promote relations between the two countries.

THAI FOREIGN MINISTER SITTHI CONTINUES PRC VISIT

Ministers Discuss Indochina

OW210942 Beijing XINHUA in English 0913 GMT 21 Nov 86

[Text] Beijing, November 21 (XINHUA) -- Vietnam has not given up its occupation of Kampuchea through military means and its pose of negotiation was in fact aimed at making people accept its aggression as a fait accompli.

This remark was made by Chinese State Councillor and Foreign Minister Wu Xueqian here this morning in talks with Thai Foreign Minister Sitthi Sawetsila.

Sitthi reiterated Thailand's consistent position on the Kampuchea issue, adding that Thai-Vietnamese relations could not improve so long as Vietnam continues to occupy Kampuchea.

During the three-hour talks, Wu and Sitthi shared identical views on further developing Sino-Thai friendly relations of cooperation and on regional and international issues of common concern.

Wu also reiterated China's support for the eight-point proposal put forward by the Democratic Kampuchean Coalition Government led by Prince Norodom Sihanouk. He said that China would join other countries to create conditions for a political solution to the Kampuchean problem.

In reply, Sitthi said that during the last dry season Vietnam continued to blockade Kampuchea's borders, tried to suppress the activities of the Kampuchean resistance forces, and did its utmost to support the Heng Samrin puppet regime.

However, he said, Vietnam has not reached its objective as it cannot blockade the borders effectively, nor can it eliminate the Kampuchean resistance forces.

The morale of the Vietnamese troops and the Heng Samrin puppet regime is very low and quite a few soldiers of the Heng Samrin puppet regime have come over to the resistance forces, he said.

Referring to Vietnam's suggestion of holding negotiations among the Heng Samrin puppet regime and the representatives from the three forces of the Coalition Government of Democratic Kampuchea, Sitthi said that besides the Heng Samrin regime Vietnam itself should take part in the negotiations.

He said the solution to the Kampuchean issue should be found by adhering to the United Nations' resolutions and principles of international meetings on the issue.

During the talks, both sides expressed satisfaction with the growth in friendly relations and cooperation in various fields between China and Thailand.

We said frequent exchanges of visits by leaders of the two countries have promoted mutual understanding and cooperation.

On behalf of the Thai Government, Sitthi invited Chinese Premier Zhao Ziyang to visit Thailand again.

Banquet Speeches Cited

OW211325 Beijing in Vietnamese to Vietnam 1100 GMT 21 Nov 86

[Text] On the evening of 20 November, Chinese State Councillor and concurrently Foreign Minister Wu Xueqian offered a banquet in honor of Thai Foreign Minister Sitthi Sawetsila and his suite at the government's guesthouse.

The two foreign ministers affirmed the Chinese and Thai Government's resolute support of the eight-point proposal for a political solution to the Cambodian issue of the Coalition Government of Democratic Kampuchea [CGDK] and expressed a determination to continue their efforts for the settlement of the Cambodian issue.

Foreign Minister Wu Xueqian said: The Vietnamese authorities have on many occasions said that they want to solve the Cambodian issue through negotiation. The Chinese Government has also repeatedly and definitively stressed that the key to a solution of the Cambodian issue lies in the total withdrawal of Vietnamese troops from Cambodia. He said that the eight-point proposal put forward by the CGDK, headed by Samdech Norodom Sihanouk, last March is very sensible and rational. This proposal stresses a partial troop pullout, establishment of a four-party government, and a guarantee for an independent, peaceful, neutral, and nonaligned Cambodia. It has enjoyed support from many countries and is regarded as a sound basis for an early political settlement of the Cambodian issue.

Foreign Minister Wu Xueqian stressed: If the Vietnamese authorities truly want to hold negotiations on settlement of the Cambodian issue, they should not advance any preconditions, but should negotiate with the CGDK, headed by Samdech Norodom Sihanouk. There is not way out for Vietnam if it continues to support one party and reject another in Cambodia and refuses to recognize the CGDK.

Foreign Minister Wu Xueqian said: China is willing to continue, together with Thailand and other ASEAN countries, to make tenancious efforts for an early, just, and rational solution to the Cambodian issue to safeguard regional peace and security.

In his reply, Foreign Minister Sitthi said: The Thai Government shares the same view as China on the Cambodian issue. We have striven, not only to maintain regional stability, but also to promote a solution to the Cambodian issue. He said: Thailand will always endorse the eight-point proposal for a political solution to the Cambodian issue advanced by the CGDK headed by Samdech Norodom Sihanouk. Vietnam's rejection of this proposal has hampered progress to a settlement of the Cambodian issue. He added: We shall continue our efforts to reach our common goal of solving the Cambodian issue.

Foreign Minister Wu Xueqian also said that China and Thailand have always maintained sound coordination and cooperation on the Cambodian issue, which is a matter of mutual concern. As an advanced country, Thailand has resolutely continued to support the Cambodian people's anti-Vietnam national salvation struggle, and has valiantly countered all rude violations of Thailand's sovereignty and territorial integrity, while striving to find a just and rational political solution to the Cambodian issue.

Foreign Minister Wu Xueqian extended his salutations of great, resolute support for the Thai Government's just stand.

Foreign Minister Sitthi and his delegation are making a 6-day visit to China at the invitation of Foreign Minister Wu Xueqian.

Sitthi Visits Xiamen

OW232002 Beijing XINHUA in English 1327 GMT 23 Nov 86

[Excerpts] Xiamen, November 23 (XINHUA) -- Thai Foreign Minister Sitthi Sawetsila visited the southeast China city of Xiamen in the company of Chinese Vice-Foreign Minister Liu Shuqing today.

In the morning, Sitthi braved drizzles to view the Dongdu Harbor, which has cargo service connections with over 100 countries and regions.

Then, Sitthi went aboard a yacht and made for the Gulangyu Island, known as the garden on the sea. [passage omitted]

In the afternoon, Sitthi viewed the ruins of a 100-year-old battery and paid homage to a monastery.

At the banquet given by the local government for him tonight, Sitthi toasted the successful economic and technological cooperation between Thailand and Xiamen.

He is leaving for Shanghai Monday.

Tian Jiyun Meets Minister

OW241318 Beijing XINHUA in English 1302 GMT 24 Nov 86

[Text] Shanghai, November 24 (XINHUA) -- Chinese Vice-Premier Tian Jiyun and Thai Foreign Minister Sitthi Sawetsila exchanged views on expanding Sino-Thai economic and trade cooperation, particularly barter trade, here tonight.

During the meeting, Tian told Sitthi and Thai entrepreneurs that the profound friendship between the Chinese and Thai peoples and good political relations between the two countries are the motive force for their economic cooperation.

The meeting was followed by a dinner Tian gave for the Thai visitors.

NPC VICE CHAIRMAN MEETS THAI DELEGATION

OW211405 Beijing XINHUA in English 1248 GMT 21 Nov 86

[Text] Beijing, November 21 (XINHUA) -- Vice-Chairman Ye Fei of the National People's Congress Standing Committee met with Phisan Munkasatsathon, permanent secretary of the Thai Ministry of Interior, here this evening.

The Thai official, as guest of the Chinese Ministry of Civil Affairs, arrived in Beijing earlier today after touring Guangzhou, Kunming and Xian.

NPC DELEGATION OFF ON GOODWILL VISIT TO NEPAL

OW240750 Beijing XINHUA in English 0645 GMT 24 Nov 86

[Text] Beijing, November 24 (XINHUA) -- A delegation from the Chinese National People's Congress (NPC) led by Vice-Chairman of its Standing Committee Bainqen Erdini Qoigyi Gyaincain left here this morning by special plane for a week-long goodwill visit to the Kingdom of Nepal at the invitation of the country's National Panchayat.

During his stay in Nepal, Panchen Lama will attend the 15th conference of the World Fellowship of Budhists in Katmandu as a distinguished guest of Dharmodaya Sabha.

Upon his departure, Bainqen said that the purpose of his trip is to further enhance the mutual understanding and friendship between the Chinese and Nepalese peoples, to promote the unity and cooperation among the Buddhist circles of various countries, and to promote peace in Asia and the world as a whole.

He added that he is confident that his current visit will be a complete success.

Accompanying Bainqen on the visit were Zhao Puchu, special advisor to the delegation, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and president of the Buddhist Association of China; Yu Wen, deputy head of the delegation, member of the NPC Standing Committee and vice-chairman of the NPC Nationalities Committee; Ji Xianlin and Zhaxi Wangqug, members of the NPC Standing Committee; and Qiangba Chili, deputy to the NPC.

The delegation was seen off at the airport by Ngapoi Ngawang Jigme, vice-chairman of the NPC Standing Committee; Chen Zaidao, vice-chairman of CPPCC National Committee; and officials of the Nepalese Embassy in Beijing.

Delegation Arrives in Nepal

OW241302 Beijing XINHUA in English 1234 GMT 24 Nov 86

[Text] Katmandu, November 24 (XINHUA) -- Visiting Vice-Chairman of Chinese NPC Standing Committee Bainqen Erdini Qoigyi Gyaincain [Panchen Lama] said that he will make more Buddhist friends at the 15th Conference of World Fellowship of Buddhists here scheduled for November 27.

Panchen Lama and the delegation led by him from the Chinese National People's Congress (NPC) arrived here this afternoon by special plane for a week-long goodwill visit to Nepal at the invitation of the Nepalese National Panchayat (Parliament).

Parashu Ram Rai, vice-chairman of the Nepalese National Panchayat and Ven. Amritananda Mahanayaka Mahathera, president of the Nepalese Buddhist Society and vice-president of the World Fellowship of Buddhists greeted the Chinese delegation at the airport.

On his arrival, Panchen Lama, who is also the history president of the Chinese Buddhist Association, said in a written press statement at the airport that "China and Nepal have since ancient times been amicable and close neighbors". [paragraph continues]

"The two peoples have from generation to generation lived in harmony, and there has existed between them profound traditional friendship." "Our two peoples have always supported each other and closely cooperated in maintaining world peace and building our respective countries," he added.

During his visit, panchen Lama will attend the 15th Conference of World Fellowship of Buddhists here at invitation.

The 10-member delegation includes Zhao Puchu, special advisor to the delegation, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and president of the Chinese Buddhist Association, and Yu Wen, deputy head of the delegation, member of the NPC Standing Committee and vice-chairman of the NPC Nationalities Committee Ji Xianlin and Zhaxi Wangqug, members of the NPC Standing Committee and Qiangba chili, deputy to the NPC.

Present on the occasion were representatives of the Nepal-China friendship organizations and about 1,000 Nepalese and Tibetan Lamas as well as Tibetans in Nepal, who presented several hundred white hadas (silk bands) to Panchen Lama expressing their warm welcome to him in traditional Tibetan custom.

A five-member Chinese Buddhist delegation led by Ven. Gongtangcang Danbeiwangxu, permanent member of the Council of the Chinese Buddhist Association, also arrived here by the same plane to attend the 15th World Buddhist Conference which will be held here from November 27 to December 2.

Nepalese Official Meets Delegation

OW251244 Beijing XINHUA in English 1202 GMT 25 Nov 86

[Text] Katmandu, November 25 (XINHUA) -- Chairman of the Nepalese National Panchayat (Parliament) Nava Raj Subedi said here today that the friendly relations between Nepal and China would be further expanded and deepened.

He made these remarks when meeting with the delegation of the Chinese National People's Congress (NPC) led by Panchen Erdini Qoigyi Gyaincain, vice-chairman of the NPC Standing Committee, at his office.

Subedi noted that parliaments of the two countries are very close and friendly.

Panchen Lama said that the development of the friendly relations between China and Nepal, which is on the basis of the five principles of peaceful coexistence, would contribute to the peace and stability of the world, especially in Asia.

Therefore, he said, China always cherishes greatly the friendship between the two countries.

He conveyed warm regards from Peng Zhen, chairman of the Chinese NPC Standing Committee, to Subedi and invited him to visit China at his convenience.

Subedi also asked Panchen Lama to convey his sincere regards to Peng Zhen and expressed his happiness to receive the invitation.

Earlier, the Chinese delegation also met Parashu Ram Rai, vice-chairman of the Nepalese National Panchayat at the Panchayat Hall this morning.

The 10-member Chinese NPC delegation arrived here yesterday for a week-long goodwill visit.

Vice Chairman Meets Group

OW252118 Beijing XINHUA in English 1934 GMT 25 Nov 86

[Text] Katmandu, November 25 (XINHUA) — Vice-Chairman of the Nepalese National Panchayat (Parliament) Parashu Ram Rai said here this evening that Nepal and China are close neighboring countries linked with mountains and rivers and have founded a mutually trustful and sincere friendship.

The vice-chairman made the remarks at a dinner he gave in honor of a delegation of the Chinese National People's Congress (NPC).

Rai also expressed his appreciation that China supported rapidly the proposal to declare Nepal a zone of peace, which was put forward by the King of Nepal in February, 1975.

On the projects with Chinese aid, he said that for Nepal, the projects have been seen as a symbol of the friendship between the two countries.

Bainqen Erdini Qoigyi Gyaincain, head of the Chinese delegation and vice-chairman of the NPC Standing Committee, said that under the leadership of King Birendra, Nepal has obtained a remarkable achievement and has made a positive contribution to the strengthening of the unity of the Third World and the cooperation of the South Asian region.

On the friendly relations between China and Nepal he said that the traditional friendship with a long history has developed outstandingly since the establishment of diplomatic relations between the two countries in 1955.

Referring to the coming 15th World Buddhist Conference, he hoped that the conference will be a united conference of the Buddhists in the world and a conference for maintaining world peace.

The 10-member Chinese NPC delegation arrived here yesterday for a week-long goodwill visit.

PRC EMBASSY FIRST SECRETARY ASKS ASYLUM IN FRG

LD251636 Hamburg DPA in German 1526 GMT 25 Nov 86

[Excerpt] Bonn, 25 Nov (DPA) -- Tu Bingju, the first secretary of the Chinese Embassy in Bonn, together with his wife, Zhu Meilan, has asked for political asylum in the Federal capital. This was confirmed by government circles in Bonn on Tuesday. So far no reasons have been given for the action taken by the Chinese Embassy members. It has been learned from informed sources that the application for asylum is at present being processed by the aliens office in Bonn, "like all other cases of this kind". When the examination has been concluded the file will be sent to the Federal Office for Asylum-Seekers and Refugees in Zirndorf, where a decision will be taken on whether or not there is a case of asylum. The procedure could take 1 to 2 years, it was said. The diplomat and his wife are in Bonn at present.

The Chinese diplomat Tu Bingru has asked for political asylum in Bonn, government sources confirmed today. Pointers to this first case of a Chinese defector had been given by the Frankfurt-based International Society for Human Rights (IGFM). Tu Bingru asked for asylum together with his wife Zhu Meilan probably yesterday, at the Bonn aliens' office. The couple is said to be still in Bonn. No further details about them have been made known so far. The PRC Embassy gave no information at all. [passage omitted]

PRC Ministry Asks Assistance

HK261200 Hong Kong AFP in English 1156 GMT 26 Nov 86

[Excerpts] Beijing, Nov 26 (AFP) -- A Chinese spokesman said Wednesday that a Chinese diplomat and his wife reported to be seeking political asylum in West Germany had "disappeared," adding that Beijing had asked for Bonn's help in finding them. "The commercial first secretary of the Chinese Embassy in the Federal Republic of Germany and his wife disappeared recently," a spokesman said by telephone in response to reporter's question. "We have already requested the government of the Federal Republic of Germany for assistance to find them," he added. [passage omitted]

Analysts here said the phrasing of the Chinese response suggested Beijing hoped to keep the matter low-key and was unlikely to endanger relations with West Germany and other European countries in an attempt to get the diplomat back. China's current attitude toward such matters could be seen in its approach towards the case of Chinese dissident novelist Yu Luojing, who sought political asylum in West Germany in March, the analysts said. Beijing made virtually no protest about her defection at the time and according to well-informed sources here has since allowed the writer's husband to join her in West Germany.

The case of the diplomat could be complicated, however, because of the possibility he had access to confidential information and official concern that his case could set an unwelcome example for other Chinese diplomats abroad, the analysts said.

CHENGDU HOSTS NATIONAL SPARK PLAN CONFERENCE

HK240205 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 23 Nov 86

[Text] A national Spark Plan work conference opened in Chengdu on 21 November. Song Jian, state counsellor and chairman of the State Science and Technology Commission, stressed at the meeting that in enlivening the science and technology forces and resolving the problem of lack of talent in the rural areas and in medium and small towns, it is essential to emancipate the mind and make a breakthrough in concepts and policies, to create conditions for the spread of the spark scheme.

Song Jian pointed out: We must further lift policy restrictions regarding intellectuals who go to the rural areas and to medium and small towns. We should allow, support, and encourage some of the science and technology personnel to be emancipated from the bindings of their present departments and go to medium and small towns to contract for and operate collective township and town enterprises and establish joint stock enterprises or individual enterprises. We should also allow them to get rich ahead of the others.

We must create an excellent policy environment to attract large numbers of science and technology personnel to the rural areas. When they are hired for work in township and town enterprises, they can take out shares and also use other methods to raise capital. We should allow them to hold a certain proportion of individual shares themselves through investing their technology. In this way, new-style socialist enterprises can gradually form in the rural areas and the medium and small towns; these enterprises will be operated by able-hand entrepreneurs and will have their stocks jointly held by the state, the collective, and the individual.

Song Jian stressed that in the course of implementing the spark plan, it is necessary to consider carrying out some experiments and reserve a number of projects for public tendering. We should stimulate intellectuals and specialists to operate or contract for them, and give them free rein to display their talent.

The key to whether a large number of spark plan projects can be successful and spread far and wide lies in whether or not there are suitable persons leading them

The meeting was presided over by Wu Mingyu, vice chairman of the State Science and Technology Commission. Yang Jun, special adviser to the commission, made a speech. Du Runsheng, director of the CPC Central Committee Secretariat's Rural Policy Research Office, attended. Sichuan Governor Jiang Minkuan, provincial party committee Standing Committee member Song Dafan, and vice governor Kang Zhenhuang were also present.

SONG JIAN SPEAKS AT "SPARK PLAN" WORK CONFERENCE

OW252317 Beijing XINHUA Domestic Service in Chinese 1228 GMT 23 Nov 86

[By reporter Yu Jingqi]

[Text] Chengdu, 23 Nov (XINHUA) -- Song Jian, state councillor and minister of the State Scientific and Technological Commission, delivered a speech today at the opening of the "Spark Plan" work conference.

He spoke on several key questions regarding the implementation of the "Spark Plan" and on developing the rural economy.

He said: We need talented people to develop the rural economy. Changing traditional concepts and seeking new ways to attract talented people to work in localities and rural areas are very important strategic tasks in enlivening local and rural economies. The success of rural reform in China has had much to do with "power-delegation" and "flexibility" policies. When implementing the "Spark Plan" we should closely link it with the whole set of our central rural policies and bring it in line with the spirit of reforms in the economic, scientific and technological structures. We should also give priority to liberalizing the forces of science and technology and bringing them into full play.

He pointed out that some recent statistical figures gave cause for deep concern. There are only an average of 6.6 technicians for every 10,000 people; one technician for each 7,000 mu of farmland; one animal husbandry specialist for each 7,000 head of livestock; and one technician for 160 village and town enterprises.

He held that we have yet to make a fundamental breakthrough on questions relating to developing local economies and attracting talented people. Very few of the nation's 16 million specialized technicians work in rural areas. More than half of the one million farming school graduates trained since the liberation have switched from farming to other jobs. Many college graduates who volunteered to work in rural and remote areas were either assigned to work in government organs or changed their professions. If we really want to develop local and rural econmies, we should solve this problem in a down-to-earth manner and seek a big policy breakthrough; otherwise, not only will our "Spark Plan" not last, it certainly will not set the prairie afire.

Talking about ways to solve the problems, Song Jian pointed out: We should strive to formulate policies and to foster an environment that induces intellectuals to run, contract or rent rural enterprises or to become managers, plant directors, and engineers of enterprises in rural areas and in small and medium-sized cities. Only then will we witness the emergence of large numbers of entrepreneurs with technical knowledge who can bring about a new situation. If the experiment works first in rural areas, it will also serve as a propelling force for reform in big cities. If peasants are allowed to run collective and family-type enterprises, why can't intellectuals do the same?

He said: Changing a natural economy into a socialist commodity economy is the key to realizing rural modernization. Our rural economy should take the road of industrialization. But we lack entrepreneurs. By entrepreneurs, we mean those with technical knowledge who are willing to study technology, understand market needs, and who dare to come out and lead peoples' small enterprises; those who know how to accumulate capital through commodity production and who know how to constantly upgrade enterprises' technological levels. We have a pool of 120 million young intellectuals in rural areas graduating from junior or senior high schools. We should give them good guidance, and help them to lead small and medium-sized enterprises, especially village and town enterprises.

He said: In our drive for socialist modernization, we still have much to learn from developed and relatively-developed countries about the experience of developing modern commodity production.

China has been developing scientific and technological exchanges with foreign countries. The problem is, however, that exchanges aimed at invigorating local and rural economies are few. In addition, little attention has been paid to observing the paths that foreign countries took to develop their rural economies and their science and technology. He hoped that localities in the future would strengthen work in this area when implementing the "Spark Plan."

The conference was sponsored by the State Scientific and Technological Commission in Chengdu City.

GUANGDONG URGES PROMOTING PROFESSIONAL ETHICS

HK240957 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 21 Nov 86

[Text] The national meeting on exchanging experience in educating people on professional ethics concluded successfully. We are glad to know that the province's financial and trade departments have, in connection with the requirements of opening up and reforms, conducted education among people on professional ethics this year. Not only has this greatly improved the equality of the workers and enterprises, but has also promoted the establishment of new socialist relations of equality, unity, friendship, and mutual assistance among people and has improved the usual practice of society.

The resolution of the 6th Plenary Session of the 12th CPC Central Committee pointed out: The basic requirements for building the socialist ethics are to love the motherland, people, laboring science, and socialism. This spirit of five loves is manifested in various areas of our society. But the most important part is manifested in various professions, as well as in the process of serving each other among members of professions in society. Therefore, to attach great importance to the education among people on professional ethics means to tackle the major area of the work of building the socialist ethics.

We hope that through this national meeting, the province's education among people on professional ethics will be promoted in an in-depth manner, and therefore will have the people's level of ethics improved as whole.

GONGREN RIBAO ENCOURAGES LAW DISCUSSIONS

HK250409 Beijing GONGREN RIBAO in Chinese 15 Nov 86 p 3

[Article by Zeng Pu (2582 2528) of the China Jurisprudence Society: "Discussion of Legislative Issues in Newspapers Can Do Much Good"]

[Text] GONGREN RIBAO recently opened a special column to discuss the issue of enacting a bankruptcy law for state-owned enterprises. This is a matter of significance. In our country, it is the first time that the formulation of a law has been openly discussed and different opinions have been published in newspapers. I would like to take this opportunity to talk about the significance of newspaper discussions on legislative issues.

As we all know in a socialist country like ours where the people are state masters, law represents the people's common will which is upgraded to a form of state will, and it reflects and safeguards the fundamental interests of the people.

Therefore, the formulation of a law must be based on the mass line, and the lawmakers should go deep into reality, carry out studies and investigations, fully and extensively solicit opinions from the various quarters concerned and from all kinds of people. After the highest power organ of the state, composed of deputies elected by the people, deliberates and discusses the bill according to legislative procedures, and approves the bill by a legal majority, only then can the law be finally enacted. Such legislative procedures based on the mass line are designed to organize and encourage as many people as possible to participate in legislative discussion so that the wisdom of the masses can be properly gathered and full consideration can be given to their opinions. The laws being formulated according to such democratic and scientific procedures will thus be the best and most realistic in line with the people's interests, and also the most authoritative and effective. Marx said that "laws should be a conscious demonstration of the people's will" and "laws should appear together with the people's will and should be enacted according to the people's will." This should be an essential characteristic of socialist laws and should be an important principle for our socialist legislative work. The people should be encouraged to participate in the discussions about legislative issues as extensively as possible. This is the only way we realized Marx' above-mentioned idea, and is an important and basic way to develop socialist democracy and build a sound socialist legal system. Lenin also evaluated highly the great significance of the people's participation in law-making discussions. He said that the people's participation in law-making discussions and their supervision over the enforcement of the laws, together with the people's election of their deputies to form the state power organ to manage state affairs, are the two basic aspects of democratic organizational principles in a socialist country. ("Collected Works of Lenin" Vol 29, p 194) Lenin's idea is still an important guiding principle for our legislative work today.

There are lots of ways and means to organize and encourage the people to join discussions on legislative issues. When formulating the first constitution in 1954 and the new constitution in 1982, the Constitution Drafting Committee and the Constitution Amendment Committee both organized the people throughout the country to conduct extensive and intensive discussions. Through these discussions, the people put forward many good ideas for revising the drafts. The two rounds of national discussions played a great positive role in formulating and perfecting the best two versions of our country's constitution. Now when the NPC and its Standing Committee deliberate various law drafts, apart for soliciting opinions from the various localities, departments, and units concerned, they have also expanded the scope of opinion gathering among relevant experts and scholars and the general public. However, no important law drafts have been published so that the entire people in the country can hold a national discussion. Under these circumstances, it is certainly advantageous if newspapers can, in light of their specific characteristics, select some legislative issues which have close relations with their readers, organize open discussions and publish different opinions. This will provide more direct information and different opinions from grass-roots units for the legislative organ in its deliberation of the bill concerned, and make the legislative procedures more democratic and scientific. It will also enable the people to participate directly in the management of state affairs, exercise their powers as state masters, and increase their legal knowledge and sense of law. This is certainly favorable to the development of socialist democracy and the building of a sound socialist legal system. Of course, the character of discussions organized by newspapers is different from that of discussions on draft law organized among all citizens by the legislative organ, and newspaper discussions are not part of official legislative procedures. However, there are no essential differences in the role and effect of such discussions. [paragraph continues]

Newspaper discussion on legislative issues is a good thing, and certainly welcomed and supported by the reader masses. The authorities concerned will definitely pay attention to them. The success of GONGREN RIBAO in organizing the recent law discussion has provided clear evidence for this.

RENMIN RIBAO COMMENTARY ON REFORMS, 1987 PLAN

HK251009 Beijing RENMIN RIBAO in Chinese 23 Nov 86 p 1

[Editorial: "Persist in Reform, Make Good Arrangements for Next Year's Planning"]

[Text] "The year's plan is in its spring." Judging from the situation or modern economics, I am afraid that this statement should be corrected and become "the year's plan is in its winter" -- the winter of a year being the time for making economic and social plans for the next year. Not only does this make two year's plans dovetail but also enables us to take prepared and active moves in the coming year's work.

The national planning conference, which has just concluded, analysed China's present economic situation. In connection with the requirements of the Seventh 5-Year Plan, it worked out next year's economic and social plans, proposed the tasks and key points of next year's plan, as well as stated clearly the guiding ideology for making arrangements for next year's plan. Not only are these matters which leading comrades and cadres at all levels must understand and skillfully handle, but are also matters about which the masses are much concerned.

This year is the first year of the Seventh 5-Year Plan. The economic situation this year is better than the last. Though many areas were affected by natural disasters, the grain output volume is still more than last year. The growth rate of gross agricultural output value may be more than the planned one. The growth rate of industrial production returned to normal after last year's exceptionally rapid growth. The growth rate may reach the planned level, that is, 8 percent. The rapid growth rate of fixed assets investment and consumption funds was checked, and the contradiction between the general demand and general supply of society was mitgated. All these show that the principle of continuing to strengthen and improve macroscopic control, which was formulated by the CPC Central Committee and the State Council, is correct. Also, this year's principle of reform, that is to consolidate, assimilate, augment and improve, is also a correct one.

Of course, we must realize that at present, we face many problems. They are mainly: The general demand of society is still too much over its general supply, the financial situation is quite tense, and the contradiction between economic results and the unsuitable structure of products to meet consumers' needs is quite prominent.

An important guiding ideology of the Seventh 5-Year Plan is to uphold the practice of giving priority to reforms. Proceeding from our experience over the years, only when we strive to maintain a basic balance between the general demand of society and its general supply can we create a good environment for smooth reforms. It should be said that this is also the general task of next year's plan.

In order to achieve this general task, we must place our key point of work on the improvement of society's supply. [paragraph continues]

This thus requires us to further invigorate the large and medium-sized enterprises, as well as greatly develop agricultural production so as to maintain an appropriate growth rate in the national economy; greatly improve the economic results of production, construction and circulation; mitigate the contradiction between the structure of products and society's demand; continue to maintain a stable domestic market in China; and promote China's exports and foreign exchange earnings. At the same time, we must continue to control investments in fixed assets, greatly readjust the investment structure, ensure the key construction projects, and promote technological transformation. Thus, in the wake of production growth and improvement of economic results, people's livelihood will continue to be improved and there will be a stronger material base for building the spiritual civilization.

Next year is the one in which our economic structural reform will take a new step further. In connection with this situation, the work of planning should not only create good conditions for the entire economic structural reform, but should also reform itself further. This is an important guiding ideology for making arrangements for next year's planning. We must act in the spirit of reforms and in a down-to-earth manner when formulating plans, focusing on the invigoration of enterprises, promoting lateral economic links and further narrowing the range of materials under the mandatory planning and the state's centralized distribution system; plans for some enterprises and groups separately listed in the state plan, strengthening the cooperation between the Army and the people, and gradually breaking boundaries among departments and regions; and making plans for new breakthrough points in the investment, foreign exchange and material systems.

In the process which we replace the old systems with the new ones, we shall face many difficulties, and some of which are even thorny ones. However, facts have shown that reform is the basic way out for overcoming difficulties and solving problems. Provided that we conform to and uphold reforms, actively probe methods and act in a down-to-earth manner, we shall inevitably create a new situation in our planning work, and shall energetically promote smooth progress in the four modernizations and the full-scale reforms.

DEBATE CONTINUES ON BANKRUPTCY LAW ISSUES

HK200528 Hong Kong TA KUNG PAO in English 20-26 Nov 86 p 1

[Text] Following two rounds of NPC deliberation in July and August, the difficult bankruptcy law is subject to a third round of careful examination at the ongoing 18th meeting of the Standing Committee of the National People's Congress, which opened in Beijing on 15 November.

Although a consensus has not been reached on whether to approve the draft law now, the session agreed that the improved version has clarified points that caused considerable debate at the NPC's two previous meetings.

Six other draft laws relating to publicly-owned industrial enterprises, customs, border quarantine, and post and communication are under deliberation at the current NPC session.

Owing to the publicity given to the divergence of views with regard to whether the time is ripe to promulgate the proposed bankruptcy law, it has drawn the greatest public attention.

Latest reports, however, reveal a progressive narrowing of the differences among contending NPC deputies. It is believed that this indicates the likelihood that the much-debated law will be endorsed, before the NPC Standing Committee ends its current two-week session.

There is no argument as to the utmost importance of the bankruptcy law in terms of breaking the 'iron rice bowl' and expediting China's economic reform.

The current NPC Standing Committee session had been convened following fact-finding tours covering key provinces and cities made by responsible NPC officials. The tours were followed by a widely represented forum sponsored jointly by the NPC's Law Committee and its Finance and Economic Committee earlier this month to canvass more opinions and iron out outstanding differences.

The latest version gives greater consideration to the workers of bankrupt enterprises. The proposed law spells out the necessity to guarantee their basic needs and help them to find new jobs.

A new article subjects bankrupt enterprises to investigation by auditing and supervisory departments. Managerial personnel and government officials held directly responsible for the insolvency will be subject to disciplinary or legal actions.

Some committee members who were against the law's adoption at previous meetings have changed their mind after carefully studying the improved draft.

Huang Yukun said he is now in favour of the law because the autonomy of enterprises, a main point of contention, has been clarified in the draft law on publicly-owned industrial enterprises.

The regulations governing labour contract system, hiring and firing workers, and unemployment insurance announced by the State Council in September, coupled with the recent decision on separating the responsibilities of factory directors and Communist Party committees, all helped to make the draft more acceptable to deputies who had earlier doubted its usefulness at this time, said deputy Qian Min.

A few deputies, however, still see problems. Chen Anyu, from Zhejiang province, for example, wanted to know who is to declare an enterprise bankrupt, the financial department or the government department directly in charge of the enterprise.

He said factory directors had told him that the law should be postponed because the old and new economic systems coexist at present.

It won't be fair to put all the blame on the director of an insolvent factory when the rigid pricing system, bureaucratic intervention and difficulties in firing or hiring workers are beyond the factory's control, sceptics have argued.

Supporters of the law stressed that the threat of bankruptcy would compel enterprises to improve management and thus minimize the number of units that could not balance their books.

About a quarter of the country's state-owned factories suffered losses last year. These were chiefly caused by poor management, but the rigid economic structure accounted for insolvency in many cases.

POLICY CONSULTATION ORGANIZATIONS ESTABLISHED

OW221654 Beijing XINHUA in English 1434 GMT 22 Nov 86

[Text] Hangzhou, November 22 (XINHUA) -- The 29 provinces, municipalities and autonomous regions on the Chinese mainland have all set up policy consultation organizations to help the authorities make decisions in a scientific way.

This was announced at a national conference on policy consultation which ended today in this capital city of east China's Zhejiang Province.

While applying Marxist analytical methods, the meeting was told, experts have used statistics and operational research to make analyses.

At present, all these consultation organizations have basically finished the investigation and analysis of national or provincial conditions, providng much research for the party and the government's policymaking departments at various levels.

According to the meeting, the practice of consultation has been gradually institutionalized in policy-making departments. Their first step is now to consult experts on important subjects, then work out plans, and finally implement them.

RENMIN RIBAO CITES CITY'S AGRICULTURAL GROWTH

HK170341 Beijing RENMIN RIBAO in Chinese 10 Nov 86 p 1

[Report: "Guangdong's Dongguan City Vigorously Develops Agriculture"]

[Excerpts] A new trend to develop agriculture on the basis of making full use of local natural resources and in light of market needs has emerged in Dongguan City, Guangdong Province, where rural industry is well developed. Many peasants have rekindled their enthusiasm for engaging in farming work. Agriculture, which was neglected for a time, has begun to rise in its position in the development of the commodity economy. The productivity and economic results in agriculture have all been rising again. The city's total agricultural output value in 1985 increased by 140 percent over that in 1980. Of this, the output value of the planting industry increased by more than 348 million yuan or by 134 percent. The city brought more than 90,000 mu of additional land under cultivation, and each mu of land produced an average of 238 yuan of income. [passage omitted]

A main reason for Dongguan's achievements in developing agriculture is that the city seriously implements the principles of opening up, enlivening the economy, and taking agriculture as the foundation of the economy and provides effective social services for agricultural production. Since 1980, the city has built and rebuilt some 2,300 irrigation works. In order to develop the fruit planting industry, the city has set up sale centers in 27 provinces and municipalities to sell the bananas, dry litchis, and oranges it produces. To meet the needs in agricultural development, the city has adopted a series of policies to promote the movement and transfer of labor force, technologies, and funds.

Commentator's Article

HK170409 Beijing RENMIN RIBAO in Chinese 10 Nov 86 p 1

[Commentator's article: "There Is Plenty of Scope for Developing Agriculture"]

[Text] A gratifying trend of renewed concentration on developing agriculture has appeared in Dongguan City, Guangdong Province, where the economy is rather developed. This is a new thing in the development of the rural economy. Since the rise of the rural industry, is it still worthwile developing agriculture? Is it true that people can become rich only by engaging in industrial production and will never become rich only by engaging in industrial production and will never become rich if they engage in agriculture? Dongguan City has given clear answers to these questions with its experience: Agriculture can play a great role in economic development, and can make people wealthy.

A prevailing slogan in the countryside now is that "people will not get rich without developing industry." Of course, this is a correct slogan. It is necessary to greatly develop industry in rural areas if we want to make the countryside prosperous and make the peasants rich. However, this does not mean that developing industry is the sole way to achieve this objective. The rural economy is an integrated entity, in which agriculture, industry, commerce, and other trades are all indispensable. The saying that "there will be no stability without agricultural development" emphasizes agriculture's vital role in maintaining the stability in the countryside and in the whole country. In this sense, we may also say that "people will not get rich without developing agriculture." Many facts at home and abroad have shown that the farming, breeding, and forestry industries can achieve remarkable economic results. As we all know, through intensive cultivation, we may earn thousands of yuan a year from a small plot of land in the courtyard, and may achieve higher economic results from major fields if we properly arrange the cultivation of crops. We can double and redouble the income by combining farming production with the processing industry. Even by growing grain crops, we can also achieve satisfactory results as long as we conduct intensive cultivation and rationally enlarge the production scale. Things are always developing. Along with technological progress, especially with the development and application of new biological engineering technologies, the productive forces and economic results of agriculture will make astonishing breakthroughs. There will be no limit to agricultural technological progress and to the enhancement of its economic results.

In general, we cannot merely engage in agriculture alone in the countryside, nor can we merely develop industry alone. If everyone crowds into the limited area of fields to grow crops or we completely shift to rural plants to conduct industrial production, our economy will become disproportionate and our economic efficiency will become very low. [paragraph continues]

Since the development of the rural industry, Dongguan City has shifted a large amount of the labor force out of the farming industry. This creates favorable conditions for agricultural development. It is quite natural now for many peasants to have an interest in returning to agriculture.

Of course, by saying that both industry and agriculture can bring wealth to people, we do not try to deny their different capacities to earn money. Under the present conditions, peasants engaged in industry can earn more money then those engaged in agriculture. The reasons for such a phenomenon are complicated, and the income gap cannot be narrowed in a short time. So we should do a good job in two aspects: First, in quickly developing the rural industry so that industry can be used to subsidize agriculture in areas which have the conditions to do so; and second, developing agriculture in depth and expanding the scale of agricultural production.

RENMIN RIBAO COMMENTATOR ON RURAL POWER

HK200807 Beijing RENMIN RIBAO in Chinese 14 Nov 86 p 4

[Commentator's article: "Further Smoothing Out the Relationships Among the Rural Party Organizations, Government Departments and Enterprises"]

[Text] Initial results have been achieved in the reform of the rural grass-roots political power structure. The reform has made the rural grass-roots political power of our country able to conform to the new situation of the reform of the economic structure in the rural areas and has strengthened the work of the building of rural grass-roots political power. However, much work still needs to be done in order to really build the rural grass-roots political power of our country into a first-class, vigorous, authoritative, and highly efficient political power which maintains close links with the masses, serves the people heart and soul, and effectively guides and manages the political, economic, cultural, and various other affairs in an administrative region. One of the most urgent tasks is to further smooth out the relationship among the party organizations, government departments, and enterprises.

We should see that the serious situation characterized by the lack of separation of party and government functions, the party acting as the government, and the party committee undertaking and carrying out the specific work of the government still exists in some localities. In some areas, the functions of the government and the functions of the enterprises have not been fully separated, and the township economic organizations have replaced the the government functions in economic administration while still performing the functions of economic organizations. If these problems cannot be solved in a timely way we will not be able to consolidate and develop the achievements already made in the reform of the rural grass-roots political power structure, nor will we be able to effectively develop the functions and the role of rural grass-roots political power.

To smooth out the relationships among the rural party organizations, government departments, and enterprises is the key to further strengthening and perfecting the building of rural grass-roots political power. The lack of separation of party and government functions and the party's replacing the government is detrimental not only to the strengthening of the party's self-construction but also to the development of government functions. [paragraph continues]

The leadership of the township party committee over the township government should mainly be characterized by political, ideological, and policy guidance and should not mean that the party committee can do the specific work of the government. The township party committee should make sure that the township government can independently perform its functions according to the constitution and the law. The township party committee should support the township chief in boldly performing his duties. The township party committee should concentrate its efforts on implementing the party's line and the general and specific policies of the party, doing a good job in the ideological and organizational construction of the grass-roots party organizations, strengthening its leadership of the Communist Youth League, the Women's Federation, and the people's militia, carrying out political and ideological education among the broad masses of peasants, and solving practically the problem of "the party not controlling the party."

Correctly dealing with the relationship between government departments and enterprises is an important link in strengthening and perfecting the building of rural grass-roots political power. To guide and manage the economic work of the township is an important power bestowed on the township government by the law. The township government should use the economic, legal, and necessary administrative methods to manage the economy of the whole township and serve the development of commodity production, but should not interfere in, undertake, or even replace the specific production and management activities of the economic organizations. The township economic organizations are the economic entities which serve the various types of enterprises and economic units combined together on a voluntary basis and cannot replace the functions of the township government in economic administration and cannot become wholly administrative institutions. We must bring into full play the economic role of those economic organizations which perform both the functions of the government in economic administration and economic functions, in accordance with the principle of separating the functions of the government from those of the enterprises. A township government must take into consideration its real situation, be equipped with cadres with the necessary specialities, and perform the functions of the government in economic administration so as to push forward with the further development of the rural economy.

Our country has 800 million people living in the rural areas. Smoothing out the relationships among the rural party organizations, government departments, and enterprises, and strengthening and perfecting the building of rural grass-roots political power is of great importance to consolidating the people's democratic dictatorship, maintaining social stability, and promoting the overall development of the rural economy and the socialist cause. The party committees and people's governments at various levels, the county party committees and people's governments in particular, must fully understand the great importance of this work and place this work at the top of their agenda, strengthen their leadership, sum up their experiences, and solve their problems in a timely way. The party committees and people's governments at various levels must actively push forward with the comprehensive reforms at the county level and enable the reform of the economic structure and the reform of the political structure to cooperate with each other and progress side by side, and enable the structural reform at the county level or above to be carried out together with the structural reform at the grass-roots level in a coordinated way so as to strengthen and perfect the structure of the political power at the grass-roots level.

NONGMIN RIBAO ON PEASANTS GRAIN-GROWING ENTHUSIASM

HK160654 Beijing NONGMIN RIBAO in Chinese 6 Nov 86 p 1

[Commentator's article: "Base Efforts on Reality, Mobilize the Peasants' Enthusiasm for Growing Grain"]

[Text] The issue of agriculture is chiefly an issue of grain. This view is understood by more and more people. How can we maintain a steady growth of grain out? We can give further thought to long-term problems and will discuss them later. At present, we should focus our attention on what we should do next year. This is a pressing problem.

To maintain a steady growth of grain output next year, the most important thing to do at present is to protect and arouse the peasants' enthusiasm for growing grain. This is because if the peasants do not have much enthusiasm for growing grain, the output of grain will fluctuate at the present level and will even drop. There are many things we can do to ensure an increase in grain output next year, for example, to strengthen capital construction on farmland, to make greater efforts to spread and use agricultural science and technology, and so on. All these have a bearing on the peasants' enthusiasm for growing grain.

To arouse the peasants' enthusiasm for growing grain, it is, of course, necessary to depend on policies. We must use policies to ensure that the peasants will make profits in growing grain. In this respect, there are also many options. For example, if some restrictions on the prices of grain are removed, the peasants' economic benefits will increase in growing grain and so will their enthusiasm. Judging from a long-term point of view, this is an inevitable trend. However, whatever step we may take, we must have reality in mind. If we take too big a step forward disregarding existing conditions, an imbalance will occur, leading to instability. At present, conditions are not yet ripe for removing all restrictions on prices of grain or raising the prices of grain by 1 to 2 jiao. This is because neither the financial departments nor the masses can bear such an impact. At present, the wages of our workers and staff members are still low. If we adopt such a measure, a series of unexpected problems will crop up.

Does this mean that we can do nothing then? Of course not. We do not want anyone to cook a meal without rice, but there are different ways of cooking a meal. We may even be able to cook a better meal with less rice and we can look for ways to obtain more rice. For example, we may appropriately reduce the amount of compulsory purchases and increase the amount for buying and selling at negotiated prices to ensure the enthusiasm of peasants for grain-growing areas. We must further improve the contract purchase system and do our utmost to provide the peasants with more chemical fertilizers, diesel oil, plastic tissues, and so on and include the badly-needed means of production in contracts. We may also ensure that the peasants will be able to get the pre-purchase deposits.

The implementation of the above measures to arouse the peasants' enthusiasm for growing grain is not just the business of agricultural leading organs alone, but is also the business of some other central organs, including the chemical industry, financial, commercial, and other departments. Comrades in rural areas hope that state departments concerned will earnestly give support to agriculture. [paragraph continues]

Without agricultural development, the development of any other sector will meet with difficulties. As a matter of fact, material support is beneficial to the two parties concerned. If effective support is given to the grass-roots units by departments at higher levels, more grain will be produced by the grass-roots units. This will in turn support the work of departments at higher levels. Is this not clear to all?

LIAOWANG ON PURPOSE OF MILITARY INDUSTRY

OW232000 Beijing XINHUA in English 1244 GMT 23 Nov 86

[Text] Beijing, November 23 (XINHUA) -- China's military industry is working for both military and civilian sectors and serving the national economy as a whole instead of merely for national defense, according to the latest issue of the weekly "OUTLOOK."

Observers here say this marks a fundamental change in the purpose of the military industry.

Strong in technical force and advanced in equipment compared with other industries, the military industry was only allowed to produce military goods which helped little in promoting the country's economy, the weekly says.

No longer a separate sector, the military industry, like other industries, should become an important component of the national economy to serve the country's economic construction rather than only to produce for the national defense.

The Ministry of Astronautics will turn the astronautical technology to civil purpose and put more atronautical products onto international markets. Priority will be given to applied [as received] satellites for meterological, resources and telecommunications purposes and carrier rockets.

The Ministry of Aviation Industry is to manfacturing more civilian aircraft and make large passenger planes in cooperation with other countries.

Emphasis of the Ministry of Ordnance is on making communications vehicles including trucks, tractors, cars and motorcycles and producing more light industrial products.

The Ministry of Nuclear Industry will focus its efforts on the construction of nuclear power stations and apply more nuclear technology to agriculture, medicine and food industries.

PLA USES 'INFORMANTS' TO REPORT 'PROBLEMS'

OW250854 Beijing Domestic Service in Mandarin 2230 GMT 24 Nov 86

[Text] (Ma Fengtong), commander of a group army under the Shenyang Military Region, is well-informed of the situation in his subordinate units, thanks to the informants hired by him among the troops. He has hired 20 fighter-informants, including medics, and cooks, scattered among all regiments of the group army.

The fighter-informants, with a sense of being the masters of their own affairs, constantly keep Commander Ma informed of the problems which they have discovered or thought of. They report both good news and bad news.

To ensure that the informats dare to tell the truth, Commander Ma has repeatedly instructed the leading cadres at all levels of his subordinate units not to make things hard for the informants. To ensure fast reception of information, he has given the informants both his office and his home phone numbers and told switchboard operators to expedite their service for the informants.

His democratic practice of hiring fighter-informants has influenced the leading cadres at all levels of the group army. They too have established close contacts with the fighters through various channels. At present, a crisscross information network has been preliminarily established within the group Army.

MILITARY SCIENCE RESEARCH PROGRAM DRAWN UP

OW230620 Beijing XINHUA Domestic Service in Chinese 0753 GMT 19 Nov 86

[By reporter Xu Jingyue]

[Text] Beijing, 19 Nov (XINHUA) -- China has, for the first time, formulated a 5-year military science research program (1986-90), which has been included in the nation's Seventh 5-Year Plan for Philosophy and Social Science Studies. As studied and decided at a national meeting on the military science research program to be included in the Seventh 5-Year Plan, which closed on 18 November, this program contains 134 major research projects, involving national defense construction, war preparedness, and the art of directing combat operations.

In line with the instruction given by Comrade Hu Yaobang and the Secretariat of the CPC Central Committee on the need to promote philosophy and social science studies, the military science research of our country during the Seventh 5-Year Plan will primarily focus on intensifying the study of questions of vital practical and theoretical importance to the modernization of our national defense, giving scientific explanations and elaborations on China's national defense development strategy and the practical issues following the change in the strategy, and bringing into play the role of theories in guiding the practical work. Examples are studies concerning the national defense of contemporary China, such as the economic, educational, and diplomatic issues associated with national defense and the work on building up the reserve forces, as well as studies on questions regarding war and peace. Second, efforts will be made to continue to study basic military theories and at the same time to start research work those disciplines that are so far lacking in our country so as to make perfect our military science system. Included in this area will be the studies of such new disciplines as command automation, military operations research, organizations of armed forces, and military futurology. Next to this will be the predictive studies to serve the needs of war against aggression in the future. An example in this regard will be the predictive study of China's national defense system in the year 2000.

QIAO SHI, YU QIULI MEET COMMENDED DELEGATES

OW221139 Beijing XINHUA Domestic Service in Chinese 1421 GMT 21 Nov 86

[Text] Beijing, 21 Nov (XINHUA) -- A national meeting on exchanging experience in helping the poor and on commending advanced persons in the work is being held in Beijing.

Leading Comrades Qiao Shi, Yu Qiuli, Cheng Zihua, Peng Chong, and Yang Jingren met with some 500 delegates to the meeting and had a group photo taken with them and the Great Hall of the People this afternoon.

Qiao Shi and other comrades praised the delegates for their contributions to helping poor peasants, families of revolutionary martyrs and servicemen, and retired servicemen to develop production and become prosperous, and urged them to continue their efforts, sum up experience and accomplish even more.

DENG LIQUN ATTENDS CHANGSHA COMMENDATION MEETING

OW180505 Beijing XINHUA Domestic Service in Chinese 1420 GMT 17 Nov 86

[Excerpts] Changsha, 17 Nov (XINHUA) -- The Ministry of Culture and the Hunan Provincial People's Government jointly sponsored a meeting in Changsha today, commending advanced collectives and individuals who did an outstanding job in cracking a cultural relic smuggling case involving the Hunan Arts and Crafts Import and Export Company, a branch company of China National Arts and Crafts Import and Export Corporation. [passage omitted]

Deng Liqun, member of the CPC Central Committee Secretariat, attended the meeting and awarded a certificate of merit and money award to the relatives of Li Zhongqiu, who received a special grade award and died doing his duty in the course of investigating this smuggling case. [passage omitted]

YANG DEZHI WATCHES FOLK DANCES IN BEIJING

OW220501 Beijing XINHUA Domestic Service in Chinese 1424 GMT 20 Nov 86

[Excerpts] Beijing, 20 Nov (XINHUA) -- Folk songs and dances depicting the colorful lives of people of Tujia and Miao nationalities were sung and performed at the Cultural Palace for Nationalities in the capital this evening. [passage omitted]

Yang Dezhi, Liao Hansheng, Yang Jingren, Wang Meng, Zhao Yannian, and more than 1,000 people watched the performance.

FUJIAN'S CHEN GUANGYI ON IMPLEMENTING RESOLUTION

OW250349 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 20 Nov 86

[Text] Addressing a meeting in which comrades from Fujian provincial and Fuzhou municipal organs reported on their study of the Resolution of the CPC Central Committee on the Guiding Principles for Building a Socialist Spiritual Civilization, Chen Guangyi, secretary of the Fujian Provincial CPC Committee, pointed out this afternoon that, in the course of studying and implementing the resolution, the most important thing people in Fujian must do is to heighten their awareness of the need to open to the outside world, and speed up the opening and reform process.

Comrade Chen Guangyi pointed out: Although Fujian has achieved significant success in opening to the outside world, the pace is still slow. This is mainly because of the bondage and influence of outmoded ideas, a closed-door and self-sufficiency mentality, as well as clannish, egalitarian, and fatalistic concepts. To speed up the process of reform and opening to the outside world, we must reform our thinking and viewpoint under the guidance of the resolution.

Comrade Chen Guangyi said: In the course of studying the resolution, we must foster the following five concepts:

First, that of promoting a commodity economy. This means we should guide our production and operation in accordance with the law governing socialist commodity economy, and that, not only should we organize production, but also explore new markets.

Second, that of competing. This means we must clearly understand the need to reform, have the courage to explore and bring up new ideas, and seek survival and development by competing with others.

Third, that of time and efficiency. This means that, while carrying out the central tasks of enlivening the economy and achieving better economic results, we must strive to accomplish these tasks efficiently, quickly, and with better results.

Fourth, that of having an enlightened mind and keeping our word. This means that we must be astute and enlightened, and keep our promises in doing economic work.

Fifth, that of achieving prosperity through diligence. This means that, under the premise of public ownership, we should diversify our economic operations, let some become affluent, and help all others achieve common prosperity.

Of these five concepts, the most important is the first, namely that of promoting commodity economy.

Comrade Chen Guangyi pointed out: In addition to special zones, open zones, open cities, and leading cadres, all localities and departments, and all other cadres and people must foster the concept of opening to the outside world. Provincial organs, as well as all prefectures, municipalities, and fronts must plan their work according to the scheme of opening to the outside world. They should examine everything, weigh everything, and plan everything from the standpoint of opening to the outside world, and make sure that all options and actions will facilitate the work of opening to the outside world.

Prior to Comrade Chen Guangyi's speech, the General Office of the Fujian provincial party committee, the Fujian provincial CYL committee, the Fujian provincial people's bank, the Fuzhou municipal party committee, and the Fujian Scientific and Technological Commission reported how they have been studying the resolution.

WAN SHAOFEN ADDRESSES JIANGXI PARTY MEETING

OW250305 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 20 Nov 86

[Excerpts] The Third Plenary Session of the Eighth Jiangxi Provincial CPC Committee was held from 10 to 15 November in Nanchang. The session relayed the guidelines set at the 6th Plenary Session of the 12th CPC Central Committee, studied the resolution adopted at that session on the guiding principles for building a socialist spiritual civilization, and discussed, examined, and adopted in principle an outline of main points in strengthening the building of a spriritual civilization in our province. In addition, the session reviewed and analyzed our province's situation this year and studied and planned current and next year's work.

The session was attended by members and alternate members of the provincial party committee. [passage omitted]

After the opening of the session, Comrade Wan Shaofan delivered a speech listing principal matters concerning the 6th Plenary Session of the 12th CPC Central Committee and the basic guidelines of the resolution adopted at that session. She also related her own experience in making a preliminary study of the resolution in conjunction with a review of the actual situation in the province. [passage omitted]

Comrade Wan Shaofen stressed: At this time, we should make a serious effort to study this resolution and get a deep understanding of the following:

1. We should see the strategic importance of the socialist spiritual civilization and its basic guiding principles from the needs of the overall program of socialist modernization;

2. The core of the fundamental task of building a socialist spiritual civilization is the improvement in people's quality;

3. We should not only uphold the four basic principles but also persist in the reform and open policies;

4. Everything we do should be aimed at promoting unity and construction;

5. A socialist ethic habit should be formed and carried forward;

6. We should attach importance to the education in socialist democracy, the legal system, and discipline and do more work in this respect; and

7. Upholding Marxism-Leninism-Mao Zedong Thought as guidance is the basis for success in building a socialist spiritual civilization.

She said: The resolution sets up new requirements as to the responsibilities of party organizations and party members in the drive to build a spiritual civilization.

Communist Party members, primarily leading cadres, should set an example for the masses at all times and on all occasions. They should act as models in working hard, in being eager to learn and to advance, in doing real work rather than making empty talk, in persistently introducing reform and boldly exploring new ways to advance, in safeguarding the interests of the masses and leading them to become better off by doing industrious work, and in abiding by discipline and law and combating unhealthy trends and offenses against law. [passage omitted]

At the 12 November plenary meeting, Comrade Wu Guanzheng spoke on the province's economic work to be carried out next year. comrade Liu Fangren relayed the guidelines set at the central work forum on rectification of the party style and offered suggestions on how to implement them in the province. Comrade Xu Qin also made a speech on how to further the socialist spiritual civilization in the rural areas. [passage omitted]

Before the close of the session, Comrade Wan Shaofen made a summing-up speech, stating the work plan for this winter and next spring and setting out the main tasks to be carried out in 1987. [passage omitted]

Following the third plenary session, the provincial party committee sponsored separate forums for the secretaries from prefectural, city, and country party committees, and responsible persons from higher-educational institutions, factories, and mines who had attended the above-mentioned session as observers. The purpose of these forums was to hear their opinions, suggestions, and experience regarding the work of rejuvenating Jiangxi.

SHANGHAI FIRMS CONCERNED AT COMMODITY SHORTAGE

OW242357 Beijing XINHUA Domestic Service in Chinese 0050 GMT 20 Nov 86

[Text] Shanghai, 20 Nov (XINHUA) -- Work Newsletter: Developing Commodity Economy Without Commodities -- A Major Worry of Shanghai's Enterprises

By XINHUA reporters Wu Fumin and Yu Xi

Developing the commodity economy without commodities is a major vexation of many enterprises in Shanghai.

The output value under the mandatory plan issued to Shanghai by the State Planning Commission constitutes only 18 percent of the total output value. However, almost 100 percent of the principal products of many departments in Shanghai, particularly those in the metallurgical and cotton textile industries and part of the engineering industry, have been incorporated into the mandatory plan. In some departments, even products in excess of production targets are also incorporated into the "mandatory" plan. Even some products not listed in the mandatory plan are also to "be mandatorily purchased." Under these circumstances, no enterprise can act on its own to make production plans and develop new products in accordance with the market demand.

Shanghai's cotton textile plants all complain that, though the State Council has plainly stated that cotton yarn is a product under the "guidance plan," departments concerned simply deprive them of the right given by the State Council to sell products in excess of production targets. With this in mind, we questioned the leaders of the Shanghai Municipal Textile Industry Bureau.

They answered: Shanghai's textile industry has faced the question of the poor productive capacity of cotton yarn. Over the past 2 years, cotton yarn exports have increased, and knitwear plants and yarn-dyed fabric mills have been using more yarn. As a result,a the bureau has repeatedly reported the acute shortage of cotton yarn. Therefore, to guarantee yarn-using units' production, we have had to lay down "hard and fast rules" for yarn-productng enterprises. Otherwise, who is going to shoulder the responsibility for failure to fulfill the output and output value plans issued by Shanghai Municipality and the Ministry of Textile Industry?

The bureau in charge indeed has its own difficulties. However, shifting contradictions and difficulties on enterprises acting on their own and assuming sole responsibility for their profits or losses, and depriving enterprises of their due power of decision, can never be a permanent solution. Zhang Yulin, director of the No 19 plant of the Shanghai Cotton Textile Corporation, said: Over the past 2 years, our plant has used the right to sell to establish coordinative relations with fraternal provinces and cities. We have helped supply each other's needs and invigorated our enterprise. Now that the bureau has taken away this minor right, now can we help supply each other's needs and maintain coordinative relations? He pointed out: If a commodity is in great demand, then it is all the more important to give enterprises the power of decision to handle this commodity, and encourage enterprises to increase production by establishing more domestic ties, and by other means. This is the only measure to adopt.

Enterprises producing products in great demand also point out: Production plans show the quota is raised at each level. While the ministry has drawn up its plan, the municipality and the bureau have drawn up their own plans to increase production. As a result, enterprises have no products in excess of production targets and, accordingly, nothing to sell. Therefore, the power of decision to run a plant exists in name only. The No 10 plant of the Shanghai Iron and Steel Corporation, which produces various hot-rolled and cold-rolled strip steel, has only a small quantity of steel plate to sell. Even the use of scrap steel and leftovers is also under the bureau's control. In the past few years, this plant has organized surplus labor to make washers from scrap steel and leftovers. The washers have been warmly welcomed in the United States and Canada. However, this year, these scraps are allotted in a unified way by the higher-level unit. The equipment which produces washers has had to suspend operations and wait for the arrival of scrap.

The sharpest criticism by plant directors is that the departments in charge fail to adopt a serious attitude about affirming the types of products to be produced: When the supply becomes short on the market, all products are purchased and plants are not permitted to sell by themselves; when marketing slumps, plants are ordered to sell their products by themselves. They said: On the question of marketing products, enterprises are ordered to sing the "Three Main Rules of Discipline and the Eight Points for Attention" -- "Follow the Command for All Actions" one moment, and the "Internationale" -- "There Does Not Exist Any Savior, and We Can Save Ourselves Only By Relying On Our Own Efforts," the next. How can enterprises stand it?

After investigation, we feel that to invigorate enterprises, we must reform the planning system. It is necessary to seriously set limits to the scope of the mandatory plan and expand that of the guidance plan. In future, it may be advisable to consider replacing products in the mandatory plan with goods ordered by the state, and changing the mandatory nature into a contract relationship. By doing so, the government will also be required to take risks when the market fluctuates. Only in this way can we really transfer the product economy into a planned commodity economy.

HUNAN REGULATION ON SHARES, BOND ADMINISTRATION

HK240723 Changsha Hunan Provincial Service in Mandarin 0100 GMT 21 Nov 86

[Text] The provincial people's government has recently approved the enforcement on an experimental basis of a provisional regulation on the administration of the shares and bonds of enterprises of Hunan Province.

The regulation allows enterprises to directly issue negotiable securities, including shares or bonds, to society within this province to raise funds for production, operation, and construction. The shareholders are the partners of the enterprises, can enjoy the privileges provided in the regulations of the stock enterprises, can receive dividends and bonuses, and have the right to take part in or supervise enterprise management. Within the scope of the amount of their shares, they are to be economically liable for the deficits and accidental losses of the enterprises and for bankruptcy.

Shares and bonds are transferable and can be used as securities to apply to banks or to trust and investment companies for loans. The interest of the shares of a collective can be suitably higher than a bank's annual interest on the fixed deposits of a unit. The interest of the shares of an individual can be suitably higher than a bank's annual interest of the savings deposits of a resident. The interest on bonds can be suitably higher than a bank's interest on savings deposits for the same length of time.

HUNAN UNIVERSITY STUDENTS DEMONSTRATE 5 NOV

HK240702 Hong Kong PAI HSING in Chinese No 132 16 Nov 86 pp 3-4

[Report by Yeh Lin-na (0673 3829 1226): "Burning With Righteous Indignation and Fighting for Human Rights -- An On-the-Spot on 3,000 University Students Demonstrating in Hunan" -- first two paragraphs are PAI HSING introduction]

[Text] In early November, more than 3,000 university students staged a demonstration to present a petition in Changsha City, Hunan Province. The students charged all the way up to and stopped at the entrance to the provincial government building. There was a crowd of spectators. This type of "grand occasion" has been seldom seen in recent years. Hunan provincial party committee Secretary Mao Zhiyong took personal charge of the matter and promised to meet the students' demands. As a result, the incident quietened down temporarily.

A reader of this journal happened to be in Changsha on business on the day of the demonstration and witnessed the whole course of the incident. After the incident, this reader made a thorough investigation of the causes and promptly wrote the following report for this journal.

On the morning of 5 November this year, a great disturbance occurred in Changsha City, Hunan Province. During this disturbance, the like of which seldom been seen since the "Great Cultural Revolution," more than 3,500 students from Hunan Teachers' University rushed from the campus, held streamers on high inscribed with the words "Hunan Teachers' University Petitionary Delegation." They put up and shouted the following slogans along the road: "Let Us Restore Our Teacher's Dignity!" -- "The Teachers' University Cannot Be Insulted!" -- "Let Us Present a Petition to Mao Zhiyong!" -- "Let Us Restore Our Human Rights!" The students then marched toward the provincial government building.

The procession held up the traffic. Residents of the city looked at them askance and onlookers numbered tens of thousands.

The student strike resulted from the case of Wei Liren [7614 0550 0088], associate professor of the department of mathematics at Hunan Teachers' University, who was evicted from his home by force and beaten up.

House Property Dispute Touches Off Battery Incident [subhead]

Wei Liren has powerful backing. He is concurrently secretary general of the Hunan Provincial Society for Study of Economic Mathematics, director of the Research Institute of Optimization, Overall Planning and Economic Mathematics, and associate editor of the journal JINGJI SHUXUE [4842 3444 2422 1331 -- ECONOMIC MATHEMATICS]. In October 1984, he was transferred from Hunan University to Hunan Teachers' University. This transfer was a minor cause of the battery case. Although he was transferred from Hunan University 2 years ago, he has been living in Hunan University quarters over the past 2 years and has never moved out.

The two universities have been in dispute over house property issues all along. When teachers from either of the two universities are transferred to the other university, none of them move out of their original university quarters. As a result, quite a few teaching and administrative staff at Hunan Teachers' University are living in Hunan University quarters, while some Hunan University teaching and administrative staff are living the in Hunan Teachers' University quarters.

Due to the long-standing nature of the house property dispute, the two university presidents held a conference on 21 October. The next day, they signed a summary of principles for settling the dispute. The principles are: 1) Respect facts; 2) Conduct friendly consultation; 3) In the face of contradictions, keep them within bounds and do not escalate them, and resolutely forbid resorting to force and speaking harshly. After that, General Affairs Section chiefs and Housing Management Office directors from the two universities held a consultative conference. However, shortly after 1300 on 31 October, prior to their having reached any agreement, 10 or more laborers, led by the Hunan University Housing Managment Office Director Xu [1776], rushed into Wei Liren's home at Hunan University and forcibly "moved the house" for him.

A report on this incident written by the General Affairs Section of Hunan Teachers' University said: "Although Wei reasoned with them and dissuaded them from moving, he was beaten up and maliciously wounded. When our university (referring to Hunan Teachers' University) leaders learned of this, our Vice President Liu Li [0491 0500] who is in charge of general affairs, and Comrade Yuan Guangzong [5913 0342 1350], deputy director of the General Affairs Section, immediately rushed to the scene. On their arrival, they saw 10 or more people carrying things from Associate Professor Wei's home, stacking them in a muddle, and loading them into a truck with the brand name Jie Fang [Liberation]. At this time, our university Vice President Liu Li stated clearly: 'I am vice president of the Teachers' University. Whic one of you is in charge? Stop moving, we must persist in friendly consultations. Vice President Liu then went upstairs to dissuade them from moving. We are surprised to see that these people not only paid no attention to our dissuasion but had the impudence to shout loudly: 'Hunan University leaders instructed us to move. What the hell, we may as well crush him to death.' Then they lifted up a three-door cabinet and flung it abruptly at Vice President Liu Li's head. "On seeing this, Comrade Yuan Guangzong from the General Affairs Office used both hands to block the attack. However, due to their manpower and sudden force, the three-door cabinet hit Vice President Liu Li, smashing his spectacles and injuring his left shoulder. [paragraph continues]

To this day he still cannot raise his left hand. Despite the circumstances, Vice President Liu Li kept asking which one of them was in charge. Then a participant in this operation stepped forward and said that he was in charge. When Vice President Liu Li asked his name, this man had the effrontery to say: 'My surname is Li [2621]. People call me Li Fuqin' [2621 3637 6024] (meaning your father) [Chinese pun]. This man then directed the laborers to continue moving things.

"To stop the situation from being magnified [kuo da 2368 1129], Vice President Liu Li immediately went to the Hunan University office building to see Comrade Zhao Lisheng [6392 6849 3932], secretary of the Hunan University party committee. After briefing Comrade Zhao Lisheng on the aforementioned situation, he asked Comrade Zhao to go to the scene of the incident with him to jointly put an end to the incident. After seeing with his own eyes that Professor Wei's bloodstained neck was full of bruises caused by the battering, that the broken door locks and door frames were covered with footprints and traces of kicks, and that the professor's home was in a mess. Comrade Zhao Lisheng immediately asked them to stop moving. One among them had the impudence to shout loudly, 'The president instructed us to move. You as secretary cannot handle this.' After asking the truck driver about the situation, Comrade Zhao Lisheng asked them to stop moving immediately, asked the driver to drive the truck back to his unit, and declared that he would handle problems there. After hearing him through, the laborers stopped moving."

Filled With Indignation, the Students Get Together To Stage a Demonstration [subhead]

The troublemakers were rude, unreasonable, fierce, and touch. Their way of doing things is fearsome and frightful. After all the things from Wei's home had been taken away, Hunan Teachers' University President Zhang Chuting [1728 2806 1694] entered into negotiations with the Hunan University president and managed to retrieve only Wei's quilt. Therefore, Wei was forced to make up his bed on the floor. Due to many bruises on his throat caused by the battering, Wei Liren could not give lessons, thus halting over 150 students' work at the Department of Mathematics.

The incident made a powerful impact on the students. After 31 October the two universities stalled for time and did not deal with the problems arising from the incident. Hunan Teachers' University students were unable to control themselves and put up large-character posters all over the campus. Their posters are full of intense emotion:

"Students with righteous ardor must no longer maintain silence!"

"University students, put aside your books and pens and stand up for human dignity!"

"A scientist engaged in soft science research is insulted today; aesthetics, literary critics, and historians will be beaten up tomorrow!"

Some students said unreservedly in their poster: "I vow that I will never become a teacher." Some other students put up a poster containing the United Nations Declaration on Human Rights. Over 1,000 large-character posts were put up in the campus within a few days. In addition to putting up slogans and posters in the campus, the students also put up slogans and posters outside the university. As a result, slogans and posters appeared in the streets, on trees, and on railings. Some students even put up straw streamers that were made from their own beds.

The appearance of so many large-character posters in so many places made the authorities nervous. On the evening of 4 November, Hunan Teachers' University President Zhang Chuting had a premonition that disaster was imminent. On the same evening, he delivered a speech over the university broadcasting system, calling on the students not to make trouble and asking them to have faith in the party and the government. The pity was that his vague and general placations only achieved a result contrary to his expectations. At that time, there was a very tense atmosphere on the campus and it was an explosive situation. At 0600 on 5 November, the secretary of the party leading group from the Hunan Provincial Cultural and Educational Committee revisited Hunan Teachers' University to broadcast a speech. In the speech, he stated clearly that the students were not allowed to go into the streets, not allowed to take action, and not allowed to leave the campus. However, the Hunan Province was under the leadership of provincial party committee Secretary Mao Zhiyong, who was known as a "useless person," how could the students be at ease and have faith in "the party and government?"

At 0730 on 5 November, the Hunan Teachers' University students got together voluntarily at the football field. All university departments elected a total of 11 student representatives. At 0740, more than 3,500 students (the university's students totaled 5,500) led by their representatives left the campus and went into the streets to present a petition!

The procession held streamers high inscribed with the words "Publicize the Prestige of our University," "Severely Punish the Assailants," and "Vindicate the Teachers' Dignity." They arrived at the provincial government building entrance at 0945. Although Hunan Teachers' University is only 5 li from the provincial government building, it took the procession 2 hours to arrive there. This was because of the very large number of onlookers bustling about. The 11 student representatives entered the provincial government building and put forward the following demand: 1) For a meeting with provincial party committee Secretary Mao Zhiyong, provincial Governor Xiong Qingquan, and provincial People's Congress Chairman Liu Zheng [0491 2398]; 2) The assailants must be severely punished within 3 days; 3) All the economic losses suffered by Wei Liren must be compensated, all damage done to Wei Liren's dignity must be restored, and an apology must be made to Wei Liren by Hunan University; 4) A self-criticism must be made by Hunan University before teachers and students of Hunan Teachers' University; 5) The position of teachers must be raised.

Provincial Party Committee Secretary Acts as Mediator in Student Strike [subhead]

When the procession reached 1 May Road, midway between Huan Teachers' University and the provincial government building, Mao Zhiyong heard the news and personally drove his car to block the procession. However, the procession moved forward like an unstoppable tidewater. Therefore, when the students arrived at the provincial government building, Mao Zhiyong was not there. The students were received by Liu Zheng, chairman of the provincial People's Congress, and Chen Shuren [7115 3219 0088], secretary of the provincial Cultural and Educational Committee party leading group and deputy secretary of the provincial CYL Committee. Hunan Teachers' University party committee Deputy Secretary Dai Hai [2071 3189] and President Zhang Chuting hurriedly arrived at the provincial government building and attended the meeting. The official reply to the students contained the following points: 1) Wei's losses would be compensated and the assailants would be severely punished, but these things cannot be done in a hurry and the deadline must be postponed; 2) The demand on making a self-criticism before the teachers and students of Hunan Teachers' University is too harsh. There is no way to meet this demand; 3) Raising the position of teachers is something that should be done.

The students were very much dissatisfied with this perfunctory reply and decided not to withdraw the "troops." More and more onlookers gathered around the scene, numbering tens of thousands. Many important government officials appeared. They used both hard and soft tactics to persuade the students to return to the campus, and promised the students that Mao Zhiyong and Xiong Qingquan would visit their university that very afternoon to resolve the issue. After hearing the officials through, the students left and returned to their campus.

On the afternoon of that very day, Mao Zhiyong, Xiong Qingquan, Liu Zheng, and Changsha City Vice Mayor Wang Guangwei [3769 0342 0251] arrived at Hunan Teachers' University to hold a students forum. Over 20 student representatives attended the forum. During the forum, Mao Zhiyong expressed the following views: 1) The incident would be thoroughly investigated and handled according to the law; 2) The teachers' position should be raised, but the province's funds are limited and there are other difficulties. It was hoped the students would show understanding and sympathy for this. It is decided that the province's Seventh 5-Year Plan will put stress on energy and education. Therefore, importance will doubtedly be attached to the question of raising the teachers' position; 3) The student demonstration is understandable and the students are filled with a sense of righteousness, but their method is not right. No action will be taken against those who participated in the demonstration. In particular, no action will be taken against the demonstration leaders. At the end of the forum, Mao Zhiyong said that from then on he would pay more visits to the university so as to have more talks with the students. When the forum was over, Mao Zhiyong was all smiles and shook hands with every student who attended the forum. In the past, Mao Zhiyong was always the first one to leave at the end of a meeting. This time he saw every student out. Mao Zhiyong has always been incompetent and "leftist." This time he was probably afraid of the students' strength and he therefore tried every possible way to resolve the problems.

After the forum, Mao Zhiyong called on Wei Liren. To settle the two universities' dispute over house property, Mao Zhiyong decided to establish a provincial government special group to look into the two universities' house property, thus adding another organization to Hunan Province's overstaffed bureaucratic apparatus.

The Practice of Arguing Over Trifles Is Tailor-Made for Bureaucracy [subhead]

The battery case occurred because of the Hunan University leaders' incorrect decision to send people to evict Wei Liren from his home, but the case actually originated from the mainland's "housing" system. The two universities' living quarters are public property and publicly-owned quarters, as are other units' living quarters.

This means that unit authorities only have the right to allot dwelling houses. However, there is no express provision about whether staff living in allotted houses should return these houses to the allotting units when they are transferred to other units. As a result, many units encourage their new staff and workers to continue living in the houses allotted to them by their former units to avoid allotting them quarters. Under this system of arguing over trifles, mutual resentment between units is becoming increasingly acute.

After the battery case occurred, the local authorities took a bureaucratic stance and failed to handle the case, after stalling for a long time. Although Hunan Teachers' University reported the case to the provincial Cultural and Educational Committee, the effect of the report was like a stone dropping into the sea. Even though Department of Mathematics students reported the case to the local police station, the Public Security Department stated that they found it difficult to handle a case concerning the two universities and that they were "powerless" to handle the case.

Under these circumstances the Hunan Teachers' University students, who have a tradition of staging student strikes, ignored the official publicity about "stability and unity," and held a demonstration to present the petition. What is the Hunan Teachers' University's tradition of staging student strikes? During the district-level NPC deputies election campaign in 1980, several Hunan Teachers' University students took part in the campaign and were elected. However, the university authorities did not recognize them as deputies. A group of over 30 students then left angrily for Beijing to bring a lawsuit against the university authorities. The group was led by Tao Sen [7118 2773], a student from the class of 1977 from the Chinese language and literature department. During the visit to Beijing, the group received a promise that relevant departments would handle the matter and that no action would be taken against anyone involved in bringing the lawsuit. The group believed the promise and left Beijing, but the matter was not handled afterwards. Moreover, after graduation, Tao Sen was sentenced to 3 years education through labor! This time Mao Zhiyong also promised that no action would be taken against those students who led the demonstration. It is our wish that Tao Sen's lot does not fall on these students who have carried forward Hunan Teachers' University's tradition of staging student strikes!

SHENZHEN ENTERPRISES REPORT INDUSTRIAL GROWTH

OW242015 Beijing XINHUA in English 1540 GMT 24 Nov 86

[Text] Shenzhen, November 24 (XINHUA) -- Enterprises involving foreign investment based in this special economic zone report a 26.9 percent growth in industrial output value in the first 10 months.

They have done business worth 1.9 billion yuan (about 513 million U.S. dollars), about 70 percent of the city's total industrial output value.

Fifty-four such enterprises started operation in the first nine months, bringing the number of enterprises with foreign investment registered in Shenzhen to 1,000, the Shenzhen Industry Development Committee told XINHUA. Half of them are industrial enterprises.

A sample survey done by the city's Bureau of Finance this year shows 98 of the 131 such enterprises surveyed made profits. These results correspond to those of previous surveys.

Analyses of the statistics indicate that almost a quarter of the enterprises lose money in their initial year of operation but usually turn a profit in the second year.

The Shenzhen City, one of China's four special economic zones, has sped up construction of its infrastructure in order to improve the investment climate. In addition, it has placed emphasis on improving management of organizations serving these enterprises.

The city has issued ten regulations on tax reduction and will further simplify its taxation procedures. It has also simplified customs formalities.

STATE-OWNED PLANT IN WUHAN LEASED TO WORKERS

HK240333 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0303 GMT 20 Nov 86

[Report: "A Medium-Sized State-Owned Enterprise Is Leased Out to Workers"]

[Text] Wuhan, 20 Nov (ZHONGGUO XINWEN SHE) -- The state-owned Wuhan Automobile Engine Plant, which has some 1,500 workers, was recently leased to 21 workers to manage, as the plant was on the brink of bankruptcy.

People here pointed out that this marked a major breakthrough in the introduction of the lease system among state-owned industrial enterprises in Wuhan.

For a long time, one-third of small state-owned enterprises in Wuhan have been running in the red of just breaking even. The automobile engine plant has 15 million yuan worth of fixed assets, but its liabilities have reached 12 million yuan. This medium-sized enterprise was contracted to model worker Chen Qifa and his ambitious fellow workers.

So far, Wuhan City has contracted and leased 35 small and medium-sized industrial enterprises running in the red or earning few profits to individuals or collectives, and most of these contracted enterprises have broken even or have begun to make profit. More such enterprises will be leased out and public bidding is in process.

GUANGDONG-HUNAN RAILWAY COMPLETED BY 1988

HK240409 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1036 GMT 21 Nov 86

[Report: "More Than Half the Double-track Railway Project Between Guangzhou and Hengyang Will Be Completed by the End of This Year"]

[Text] Hong Kong, 21 Nov (ZHONGGUO TONGXUN SHE) -- According to a report from Guangzhou, the double-track railway project between Guangzhou and Hengyang is progressing smoothly, and it is expected that 65 percent of this project will be completed by the end of this year and that the whole railway line will be open to traffic by the end of 1988.

The 526.6-kilometer-long railway line between Guangzhou and Hengyang is a section of the Beijing-Guangzhou railway that had not been expanded to a double-track line. The double-track project was started in 1978. During the past 8 years, due to the readjustment of the national economy and a lack of funds, the project advanced very slowly. The project has been speeded up since late last year. So far, four of the 15 key items have been completed. A 14-kilometer-long tunnel is to be cut through Dayao Mountain. Thirteen kilometers of the tunnel have been excavated, and the tunnel will soon be pierced. In the first 8 months of this year, 56 kilometers of the double-track railway line were put into operation, and this exceeded the total work of the past 8 years.

HEBEI SECRETARY MEETS WITH MINING FRONT GROUP

SK260125 Shijiazhuang HEBEI RIBAO in Chinese 11 Nov 86 p 1

[Excerpts] On the morning of 10 November, the national ideals report group of workers from the geological and mining departments gave its first report to the province at the auditorium of the Workers Cultural Palace in Shijiazhuang City. [passage omitted]

More than 2,000 persons attended the report meeting, including leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial Discipline Inspection Commission, the provincial Military District, Shijiazhuang City and Prefecture and the provincial-level departments concerned, cadres and workers of the provincial, Shijiazhuang City and prefectural organs, as well as commanders and fighters stationed in the province.

The report meeting was presided over by Liu Ronghui, member of the Standing Committee of the provincial party committee and director of the Propaganda Department. Prior to the meeting, children in the provincial capital presented flowers to the report group members.

Li Wenshan, deputy secretary of the provincial party committee, gave a speech at the meeting. He first extended a warm welcome to all comrades of the report group on behalf of the provincial party committee and government. He then said: All comrades of the report group have fostered examples for us with their exemplary deeds. They have lofty ideals and are worthy of being called examples in building the spiritual civilization. [passage omitted]

Comrade Li Wenshan said: We should take all comrades of the report group as our examples, conscientiously study the resolution of the 6th Plenary Session of the 12th Party Central Committee, strengthen our ideals and conviction, persist in simultaneously grasping the two civilizations, and strive to push the building of the province's two civilizations to a new stage and raise to a new level.

The provincial party committee, the provincial government, the provincial Trade Union Council, the Shijiazhuang prefectural party committee and government presented silk banners to the report group.

On the evening of 9 November, Xing Chongzhi, secretary of the provincial party committee, and Xie Feng, governor, went to the boarding place of the report group to visit all group members. The also wrote inscriptions for the report group and posed for a group photo with the group members.

HEBEI SECRETARY UNVEILS MARTYR'S MONUMENT

SK260344 Shijiazhuang HEBEI RIBAO in Chinese 13 Nov 86 p 1

[Excerpt] A momunment for martyr Gao Keqian, a fine CPC member and a staunch communist fighter, was unveiled at the provincial capital on the morning of 12 November.

This monument is located near the Zhengtai General Locomotive Plant where martyr Gao Kequian worked during his lifetime, and which is now the Shijiazhuang Vehicle Plant under the Ministry of Railways. Placed on top of the blue monument is the martyr's bronze statue. A few big characters reading "Monument for Martyr Gao Keqian" written by NPC chairman Peng Zhen are shining brightly in the sun.

Martyr Gao Keqian was a native of Nanchiyang Village of Wuji County of our province. He was born in 1906 and joined the CPC in 1924. In 1925, when the "May 30th" Movement broke out, he mobilized and organized the masses to establish a committee to back up the Shanghai incident. The committee was joined by the people from various circles of Zhengding, and martyr Gao Keqian served as chairman, and actively participated in and led the revolutionary struggles against imperialism and feudalism. He organized the workers of the Zhengtai General Locomotive Plant to resume the Zhengtai Council of Railway Trade Unions, and served as secretary of the council. He also actively developed party organizations, launched workers' movements, established a committee for avenging the insult from Britain, and organized workers to plunge into the "May 30th" Movement through rallies, fund-raising, and supporting activities. But unfortunately, Comrade Gao Keqian was arrested on 12 September 1925, but he remained indomitable, and continued to fight, expressing the heroic, faithful, and unyielding spirit of a communist. On 24 September, Comrade Gao Keqian, aged only 19, was secretly killed by the warlords led by Zhang Zuolin.

Wang Heshou, second secretary of the Central Discipline Inspection Commission, and Xing Chongzhi, secretary of the provincial party committee, unveiled the statue. Xie Feng, deputy secretary of the provincial party committee and provincial governor, and Wang Baohua, mayor of Shijiazhuang City, laid flower baskets at the monument. [passage omitted]

SHANXI RADIO COMMENTS ON SERIOUS WATER SHORTAGE

HK260243 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 25 Nov 86

[Station reporters' commentary: "Shanxi's Serious Water Shortage Cannot Be Neglected"]

[Excerpts] Shanxi is an energy, heavy, and chemical industry base of the whole country. An extreme water shortage is now facing the people of the province. Many people have asked, what caused this shortage? Will there really be less and less water in the province?

With these questions in mind, the reporters visited experts concerned and made on-the-spot investigations. We gained the following impression: The province's water shortage is gradually worsening.

Shanxi is located on a loess plateau. On average there are 520 cubic meters of water available per person, only one-fifth of the national average. This is one of the main causes of the historical water shortage in the province. And judging by the sources of the province's water, we rely mainly on local rainfall, which is generally concentrated during the months of July, August, and September. Rainfall distribution is very uneven. In general the eastern mountains and the southeastern part of the province have more rain, while the northwestern part is very short of rain.

These two aspects determine the province's natural characteristic of water shortage and uneven distribution. In recent years, in the wake of economic development, more and more water has been consumed in Shanxi's industrial and agricultural production and in the masses' daily life. According to data provided by the water management departments, in the early post-liberation period the province used a total of 570 million cubic meters of water in production and daily life. By 1984, the figure had risen to 5.2 billion cubic meters.

In addition, in the water-short mountain areas, water spillage from coal mines and similar trades has affected and damaged the natural state of the water resources. And waste water from production and daily life is polluting the water sources. As a result, the province's water supply, already inadequate, is becoming less and less fit for use.

There was also a particularly serious drought this year in some mountain areas where water spillage from mines is serious, and the masses were gravely short of water in daily life. Our reporters saw in the mining areas of Yangquan and Pingshuo that in villages seriously short of water the masses had to get water from places several li or even over 10 li away. [passage omitted] At present the water supply problem for 2.7 million of the masses in the province's mountain areas has not yet been resolved. This means that 1 out of every 10 people in the province suffers water shortage difficulties.

Due to excessive use of underground water, the water table has declined by from 30 to 70 meters in the province's key economic areas. Industrial-intensive areas such as Taiyuan and Datong are now suffering from inadequate water supply, and the latent dangers of this situation are becoming more and more evident.

How then should we look at this problem? The experts concerned say that the province's total water reserves are by no means inexhaustible. This is because annual rainfall and the changes in [word indistinct] conditions have a direct impact on the actual water storage. Hence, in a year of severe drought, the situation becomes particularly serious in water-short areas. The really acute problem is the volume of water consumed in production and daily life -- which is consumption of limited resources. It is precisely because of this every-growing contradiction between supply and demand that the province's water resources are declining more and more.

We should regard the water shortage as a new problem in our economic development. We must squarely face the latent danger it poses and also view the possiblity of total exhaustion of resources.

SHANXI RIBAO ON DEVELOPING RAIDO, TELEVISION

HK250805 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 23 Nov 86

["Text" of 4 Nov SHANXI RIBAO page 1 commentator's article: "Implement the Spirit of the Resolution, Develop Radio and Television"]

[Excerpts] To develop radio and television is an important measure for implementing the resolution. On the other hand, to improve the radio and television broadcast coverage and to increase the number of wired broadcast listeners is the key link of developing radio and television.

The province now has 2 million televison sets, as well as more radio and loudspeakers. Seventy percent of the television sets are in the urban areas; the rest are in the rural areas. The rural areas have very few television sets mainly because the reception quality is poor, in addition to the economic reasons. This is the direct cause of having low broadcast coverage, imperfect management, damaged facilities, and very few listeners to the wired broadcasts. [passage omitted]

In order to seriously implement the resolution of the 6th Plenary Session of the 12th CPC Central Committee, we must proceed from two areas. First, we should seriously study the documents and thorougly understand the spirit of the resolution to correct our guiding ideology for building spiritual civilization. Second, we should really act in the spirit of the resolution. Did not some comrades often complain that this place lacked easy access to information, its economy was backward, and its people's thinking was too outdated and conservative? But how do we solve these problems and [words indistinct]? Some comrades noticed that we should invest funds in and transport equipment to the province, but they neglect the development of intellectual resources and manpower. This therefore can only be a solution without any foresight. [passage omitted]

When we say that we must carry out practical work for the masses, we mean that we should [words indistinct] good deeds for the people. To improve the coverage of radio and television, as well as to increase the number of wired broadcast listeners, is work that consumes a large amount of money. Neither the state nor a locality can easily allocate within a short time a large amount of money for the work. Therefore, we must mobilize the initiative of various sectors. As a result, an expensive measure will become small-scale economic burdens only on localities. The state, localities [words indistinct] and townships also contribute funds for the work. This is an easy way of running well the radio and television undertaking. But we also need the concerted efforts and cooperation of planning, financial, machine-building, and labor and personnel departments. [words indistinct]

If we sincerely solve problems [words indistinct] for the masses, the masses will praise our efforts and give active responses. To improve the coverage of radio and television, as well as to increase the number of wired broadcast listeners, require us to train personnel who know how to operate, supervise, and manage the facilities, in addition to investing funds and buying equipment. Only when we include the human factor can the investment and equipment bring about social benefits. Therefore, all laocalities must lso take into consideration the training of personnel when considering the building of the facilities. At the same time, we must maintain well the braodcast facilities and develop FM broadcasting. Due to economic and geographical reasons and people's listening habits, the rural areas mainly depend on wired broadcasts for publicizing the party's policies, scientific and cultural knowledge, and information of various kinds. Over the years, however, the areas' broadcast facilities were greatly damaged because of poor management. [passage omitted]

In order to increase the number of wired broadcast listeners, we must adopt measures to, on one the one hand, strengthen the management and maintenance of facilities and, on the other, develop FM broadcasting.

Provided that we work hard in acting in the spirit of the resolution and carry out work in a down-to-earth manner, we shall make a great breakthrough in the development of radio and television.

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THREE CONSULAR AGREEMENTS SUBMITTED TO NPC

OW271108 Beijing XINHUA in English 1052 GMT 27 Nov 86

[Text] Beijing, November 27 (XINHUA) -- The State Council today submitted three consular treaties, namely those between China and Italy, between China and Mongolia and between China and the Soviet Union, to the Sixth National People's Congress Standing Committee for deliberation. Entrusted by the State Council, Vice-Foreign Minister Qian Qichen today made explanations respectively on these treaties to the 18th Session of the NPC Standing Committee.

On the Sino-Italian consular treaty, which was signed last June, Qian said fairly rapid progress has been made in bilateral political, economic, cultural and science relations and exchange of visits since the establishment of diplomatic relations between the two countries. China and Italy also set up consulates general in Milan and Shanghai and have their nationals residing in each other's countries, he added.

With regard to the Sino-Mongolian consular treaty, Qian noted that in view of steady increase of exchanges in trade and culture in the wake of improvement of bilateral relations in recent years, the Chinese Government agreed to the Mongolian proposal for the signing of the treaty and the two countries concluded the treaty in August this year.

Qian acknowledged that a new consular treaty between China and the Soviet Union was signed last September, since the original one signed in 1959 had simple contents and no longer catered to the present needs. He also disclosed that the two countries will set up consulates general respectively in Leningrad and Shanghai.

PRC LIKELY TO SIGN UN HUMAN RIGHTS CONVENTIONS

HK241002 Hong Kong AFP in English 0941 GMT 24 Nov 86

[By Patrick Lescot]

[Text] Beijing, Nov 24 (AFP) -- China is set to sign three United Nations conventions dealing with the protection of human rights, informed Chinese sources said here.

But a high-ranking Justice Ministry official without denying the report stressed that the government had not made any official announcement about the conventions.

One usually well-informed source identified two of the treaties as the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights.

The source added that China was likely to sign both next month at the U.N. meeting marking the 20th anniversary of their promulgation.

Another well-informed Chinese source said China would sign "in the near future" the convention against torture and other cruel, inhuman and degrading treatment or punishment, first put before the U.N. General Assembly in 1984.

China had not previously signed such agreements because it maintained that such questions constituted part of China's internal affairs, the sources said.

Though foreign criticism of China's human rights record has not been significant enough to hinder Beijing's strengthening ties with the West, some criticism seems to have rung home, analysts said.

Chinese spokesmen, responding to allegations by the London-based human rights monitoring organisation Amnesty International and other groups, have repeatedly asserted that Chinese citizens enjoy greater freedom now than at any time in the past.

Informed sources said Chinese international affairs experts speaking at a recent meeting to discuss plans to sign the treaties put forward the argument that socialist China should not allow the capitalist West to monopolise the term "human rights."

Zhang Qiong, a departmental vice-director of the Supreme Court Inspectorate -- equivalent of a public prosecutors department -- in an interview with AGENCE FRANCE-PRESSE discussed historical aspects of the problem and measures taken to end it.

The Chinese press reported recently that 140 people were killed or injured during the first six months of this year while in police custody. They, like 949 other people -- double the figure for the same period in 1985 -- had been "illegally detained."

Mr Zhang said the most common form of "inhumane corporal punishment" practised in China was to make the victim stand or squat for hours on end.

But he attributed the "very small number" of deaths among the 140 as the result of suicide "at the end of intolerable treatment," adding that the figure was "understandable" in view of the country's size.

China has published few official details on torture cases, but Amnesty International in its last annual report quoted political prisoner Xu Wenli as telling in a note smuggled overseas of the "sounds of beatings and cursing, and the sound of electrical shocks being carried out within the prison buildings."

Mr Zhang said that when the communists came to power in 1949 torture, inhumane treatment and corporal punishment were forbidden by law.

Before that date police could use torture to extract confessions from prisoners, Mr Zhang noted. Until 1911, the death sentence was carried out by an executioner who chopped the condemned person into thin strips to prolong the agony.

Today, said Mr Zhang, these "unhealthy practices" were only carried out by police and lowly officials -- members of the Chinese Communist Party for the most part -- in "isolated" regions.

Interior Minister Ruan Chongwu broke official silence on the subject last December saying: "A minority of officers are arrogant in their work, corrupt, and resort to torture during interrogations."

Mr Zhang said Chinese prosecutors and "departments concerned" would investigate cases of forced confessions, thanks to the "denunciation of the masses," and officially announce the results of their enquiries.

Police who practice torture would receive "education courses" and authors of "very severe cases" would be "punished," he said. Police would be required to "carry out the law in a civilised fashion," Mr Zhang added.

According to press reports the government has been making moves to strengthen the notion of an independent judiciary not subject to fluctuation in times of political crisis such as the Cultural Revolution.

PRC HOSTS THIRD WORLD MEETING ON COOPERATION

OW261404 Beijing XINHUA in English 1321 GMT 26 Nov 86

[Text] Beijing, November 26 (XINHUA) -- Representatives from 26 countries have reached more than 140 agreements on technological cooperation since negotiations opened here November 24. Countries from the Asian-Pacific, Latin American and Caribbean region are participating in the meeting.

The technological cooperation agreements cover metallurgy, energy, light and textile industries, building materials, agriculture, animal husbandry, fisheries, forestry, science, education, medical and health work.

The intergovernmental programming exercise for technical cooperation among developing countries was jointly organized by the Chinese Government, the United Nations Development Program and the United Nations Department of Technical Cooperation for Development.

"This is a great gathering for strengthening inter-Third World cooperation," head of the Chinese delegation Shen Jueren said, adding that the participants display ways of cooperating in various fields in the spirit of equality and mutual benefit.

China and Brazil have reached 12 agreements, of which Brazil will provide China with technical training on fermenting and distillation in alcohol production, study tours on the exploration and development of iron ore resources, technology for land transformation, ramie fiber production, leather processing and study tours of large hydroelectric power stations. In return, China will provide Brazil with technical training in acupuncture and moxibustion, biogas projects, consultation services on small hydroelectric power stations, and study tours on designing and engineering small power stations, irrigation lines and drainage systems.

China has also reached agreements on technological cooperation with Argentina, Barbados, Chile, India, Indonesia, Jamaica, Mexico, Oman, Pakistan, Papua New Guinea, the Philippines, Surinam, Sri Lanka, Thailand, Turkey and Venezuela.

Ye Chengba, director of the Policy, Programing and Development Planning Division of the United Nations, said: "The progress made so far at the gathering shows developing countries have a strong desire and great potential for strengthening cooperation."

"Their technology to be exchanged is practical and inexpensive," he added.

Representatives are still busy negotiating technological cooperation agreements and some of them today visited a research center specializing in synthetic fibers. The meeting is scheduled to close on November 29.

PRC REACTS TO U.S. POLITICAL 'CRISIS' SITUATION

Roundup of Repercussions

OW262133 Beijing XINHUA in English 1919 GMT 26 Nov 86

["Roundup: Serious Crisis of Credibility -- (by Li Yanning)"]

[Text] Washington, November, November 26 (XINHUA) -- U.S. President Ronald Reagan has plunged into his worst crisis of credibility since he entered the White House because of his secret arms-for-hostage deal with Iran.

In the past three weeks, the popularity of President Reagan and his government has sagged since the revelation of further details of his secret 18-month Iranian operation. Reagan has been quite popular among Americans since he became President in 1981, except the year 1982 when the country was in an economic recession.

The Iran ploy has drawn protests from critics, some within the administration, who say the shipment of arms, including some 2,000 TOW anti-tank weapons, looked like a bribe to release U.S. hostages held by pro-Iran groups in Lebanon.

In a nation-wide televised press conference Wednesday, Reagan said he had approved a secret effort to establish contacts with moderate elements in the Iranian Government. He admitted some U.S. arms had been shipped to Iran as a result. However, he denied the arms were traded for the release of three American hostages in Lebanon.

The first opinion poll conducted by ABC News after details of the alleged deal were released found 59 percent of respondents thought Reagan did not tell the truth about the Iranian operation. 78 percent disapprove of the administration's dealings with Iran. 61 percent believe there was an arms-for-hostage swap.

It was reported that Secretary of State George Shultz and Defense Secretary Caspar Weinberger had both made known their opposition to selling arms to Iran. The dealings had been kept hidden from Congress and were handled only by a few members of the National Security Council.

The latest issue of "NEWSWEEK" said: "The key to Reagan's success as a President is his reputation for candor, for consistency -- and for winning. All three qualities were badly strained by the high-risk gamble that he took when he started to haggle with the Iranians."

In the past few days, there has been confusion in the Reagan administration. Three days after Reagan's televised speech, Shultz told reporters the U.S. secret contact with Iran was "a subject for debate, and it is clearly wrong to trade arms for hostages." He meant he knew nothing about the secret deal. But former White House National Security Adviser Robert McFarlane said: "I told Shultz repeatedly and often of every item that went on."

Two days after Reagan refused to admit any mistake at the televised press conference, McFarlane said "it was a mistake" for the United States to sell arms to Iran and that he accepted responsibility for it.

Angrily, White House Chief of Staff Donald Regan said: "Let's not forget whose idea this was. It was Bud's (Robert McFarlane) idea. When you give lousy advice, you get lousy results."

There was widespread speculation of resignations or dismissals over the secret U.S. arms shipment to Iran over the past few days, but President Reagan indicated he did not want to sack anyone.

Confronted with one of the most serious foreign policy crises of his six-year-presidency, Reagan admitted one element of its implementation "was seriously flawed," and that he was not kept fully informed of his own aides' activities.

Meanwhile, he gave Attorney General Edwin Meese a "blank check" to investigate legal questions in the Iranian operations and promised to order a special panel to review the role of his National Security Council.

Attorney General Meese revealed Tuesday that as much as 30 million dollars in questionable payments the Iranians made for U.S. weapons was diverted to U.S.-backed Nicaraguan anti-government rebels. This stunning revelation forced two senior Reagan aides out of the White House.

Reagan's national security adviser, Navy Vice Admiral John Poindexter resigned as the latest disclosure was announced.

Reagan accepted Poindexter's resignation and fired his assistant, Marine Lieutenant Colonel Oliver North, whose involvement in contra matters has been extensive.

Meese said a weekend Justice Department investigation found that money Iran paid to Israeli agents for U.S. arms was placed in a Swiss bank account and diverted to the Nicaraguan contras. Department investigators would determine whether "any criminality" was involved in the 10 million to 30 million dollars transfer at a time when such contra aid was prohibited by Congress, he added. The aid ban expired less than two months ago.

When asked if any laws were violated, Meese said: "That's something we're looking into at the present time. It depends on two things -- precisely what was done and who did it... and what their conduct was." However, some legislators asserted that several laws had been violated when these funds were diverted to Nicaraguan contras.

It seems it will not be easy for President Reagan and the administration to pass through such a serious crisis.

Xinhua Views 'Confidence Crisis'

HK271534 Beijing XINHUA Hong Kong Service in Chinese 1335 GMT 27 Nov 86

["News Analysis" by XINHUA Reporter Li Yanning (2621 1693 1337): "One Crisis After Another"]

[Text] Washington, 26 Nov (XINHUA) -- One trouble appears before the other submerges. A new development in the matter of the U.S. secret arms sales to Iran has increased the seriousness and complexity of this event.

At noon on 25 November, President Reagan brought Attorney General Meese to his information room and let meese announce his new discovery. The Attorney General's revelation shocked the dozens of reporters there. According to Meese, after the United States supplied weapons to Iran through Israel, Iran paid the money to Israel and part of this money (about $10 million to $15 million) was then transferred by some personnel of the U.S. National Security Council to a bank account in Switzerland, which is at the free disposal of the Nicaraguan contras.

According to Meese, Reagan instructed him on 21 November to investigate the implementation by the National Security Council of the President's policy toward Iran and particularly the process of the arms delivery to Iran. After the first stage of the investigation, the Justice Department found the above-mentioned problem late last week and reported it to the President on the evening of 24 November. Before that, the president knew nothing about such an arrangement. Secretary of State Shultz, Secretary of Defense Weinberger, and CIA Director Casey all knew nothing about it. "The only person in the U.S. Government who knew precisely the whole arrangement" was Lieutenant Colonel Oliver North, a member of the National Security Council, who directly took charge of this case. His superior, the President's Special Assistant for National Security Affairs, Mr Poindexter, "did not take care of the concrete arrangements although he knew that something of this kind was happening," and "did not try to stop it."

At the press conference, Reagan announced that he had accepted Poindexter's resignation and had dismissed North from his duties on the National Security Council. Reagan also said: "As I mentioned before, I (now still) believe that the target of our Iran policy is based on correct foundation. What drew my attention yesterday (that is, the information provided by Meese) made me believe: The implementation of this policy had serious defects." He said: "The report made by Meese helped me draw this conclusion: In the deal (with Iran), I was not fully informed of the character of one of the actions. This action gave rise to a question about its character."

Today's WASHINGTON POST quoted a trusted follower of Edwin Meese as saying that "no one can do better (than Meese) in protecting Reagan." The newspaper than said: During his interview yesterday afternoon with reporters held at the Justice Department, Meese stated: "It is impossible for one to know all the tasks being carried out by the 1,700 officials at the presidential office." "When someone does something wrong and does not report it to the President afterwards, I think the President does not bear responsibility for this."

Regardless of Meese's subjective intention, his announcement yesterday may have objectively made the following impression on the American public: The blunder was created by the working personnel under the National Security Council and the President was not in the know.

However, on the other hand, this announcement by Meese has created a new serious problem. Prior to this incident, congressmen and the public put the stress on finding out an answer to the following question: The United States lists Iran as one of those countries that supports terrorism; American law forbids arms sales to such countries; and the United States has repeatedly announced that it will observe neutrality during the Iran-Iraq war and that it will not provide arms for either of them. Under these circumstances, has President Reagan broken the law in deciding to supply Iran with weapons? Now, it has also come to light that, when the bill passed by Congress on banning all U.S. Government organizations from supplying the Nicaraguan contras with aid other than "humanitarian aid" was still in effect (it was only after 1 October this year that the ban was invalid), the personnel of the National Security Council perpetrated a gigantic fraud by stealthily using some money from the arms deal with Iran to support the Nicaraguan contras. Was not this doubly illegal and doubly wrong?

Precisely because of this, at the press conference yesterday, both Reagan and Meese were closely and repeatedly questioned by reporters. As soon as the press conference was over, the reporters scrambled for telephones to report this sensational new development. Almost all major U.S. newspapers today use banner headlines to carry this news. THE WASHINGTON POST today uses nearly the equivalent of nine pages to report various circumstances on the theme of arms sales to Iran.

At present, the situation is still developing. Congressmen are also voicing stronger demands to thoroughly investigate the work of the National Security Council. It looks as if the event is getting nastier. President Reagan's confidence crisis is just unfolding and things will not calm down in a short time.

Analysis of Resignations

OW271915 Beijing XINHUA in English 1635 GMT 27 Nov 86

["News Analysis: Resignation of Reagan Aides Raises More Questions About U.S.-Iranian Deal (by Li Yanning)"]

[Text] Washington, November 26 (XINHUA) -- President Ronald Reagan Tuesday announced the removal of two of his top aides for funneling, without his permission, part of the money from the U.S.-Iranian arms deal to Nicaragua's anti-Sandinist groups.

The astonishing new revelation has aroused more doubts about the lawfulness of the Reagan administration's secret contact with Teheran, despite the President's claim that the objectives of his policy are sound.

At a press conference Tuesday morning, Reagan said he had accepted the resignation of his national security adviser, John M. Poindexter, and dismissed Lt. Col. Oliver North as deputy director of military and political affairs at the National Security Council.

Reagan's decision followed a Justice Department finding that the Security Council transferred 10 to 30 million U.S. dollars in proceeds from the arms deals with Teheran to the Nicaraguan anti-government "contra" guerillas via a Swiss bank.

At the same press conference, Attorney-General Edwin Meese, a former presidential adviser, said Reagan, Secretary of State George Shultz, Defense Secretary Caspar Weinberger and Director of the Central Intelligence Agency William Casey, all members of the Security Council, were kept in the dark about the secret transfer.

"The only person in the United States Government that knew precisely about this was Lieutenant Colonel (Oliver) North. Admiral Poindexter did know that something of this nature was occurring but he did not look into it futher...he did not try to stop it," Meese said.

The President in January gave the go-ahead to the Security Council's plan to supply arms to Iran. In the first nine months of this year, an estimated 100 million dollars worth of missiles and other weapons were shipped to Iran through Israel.

After the secret deal was exposed in the press this month, Reagan admitted two weeks ago that arms had been shipped to Iran, but he said the arms deal was a bid to improve relations with Iran, halt its sponsorship of terrorism, end the Iran-Iraq war and freee hostages held in Lebanon.

On Tuesday, Reagan told reporters: "As I've stated previously, I believe our policy goals toward Iran were well founded. However, the information brought to my attention yesterday conviced me that in one aspect, implementation of that policy was seriously flawed.... This report led me to conclude that I was not fully informed on the nature of one of the activities undertaken in connection with this initiative. The action raises serious question of propriety."

THE WASHINGTON POST Wednesday quoted a close friend of Meese as saying that "protecting Ronald Reagan, nobody does it better" than Meese.

Speaking to reporters at the Justice Department Tuesday afternoon, Meese said: "You can't know what all 1,700 people are doing in the Executive Office of the President.... When someone does something that is not correct and then this is not reported to the President, I don't think he can be held responsible for that."

Meese's remarks, as well as his investigation of the secret deposit, seem designed to give the public the impression that it is not Reagan but his aides who should be held responsible for the U.S.-Iranian arms deal debacle.

However, according to political observers, Meese's argument might also provoke more doubts among members of Congress and the public about the lawfulness of President Reagan's decision to supply arms to Iran, a country which he has in the past accused of supporting terrorists.

Many Americans have already questioned if the arms deal violated U.S. laws prohibiting supplying arms to countries suspected of being linked to terrorists and the U.S. declaration of neutrality in the Gulf war.

To these Americans, the secret transfer of money to the contras looks like another breach of the law, because the cash was offered to them at a time when the United States Government was still prohibited from giving anything other than "humanitarian" aid.

The revelation about the deposits has been given wide play in the American press -- THE WASHINGTON POST, for example, devoted nearly nine pages to the story. As well, more congressmen have been calling for a thorough examination of the Security Council.

And political observers are saying that because of the keen public interest that has been generated in the arms deal affair, a major crisis for the Reagan administration, the end is still not in sight.

RENMIN RIBAO on 'Crisis'

HK271126 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 27 Nov 86 p 6

[Article by correspondent Zhang Yunwen (1728 0336 2429): "The Reagan Administration Faces a Political Crisis"]

[Text] Washington, 25 Nov -- The new events of President Reagan's statement at noon on 25 November and Attorney General Meese's revelation that Iran's arms payments were switched to the Nicaraguan contras have been regarded as a bomb by public opinion and have come as a great shock to political circles in Washington. [paragraph continues]

On the evening of the 25th, the CBS Television Network carried extra reportage on this development outside its normal news program. The reportage was entitled "Confusion in the White House."

Since the secret U.S.-Iranian diplomacy was exposed 3 weeks ago, the problem of the Reagan administration's prestige has become more conspicuous each day following the revelations of the details of this secret diplomacy. President Reagan's recent television address and press conference failed to calm this growing storm. It is widely held in political circles, including some government officials, that the Reagan administration is now facing a genuine political crisis. This crisis will be further deepened by today's developments.

According to Meese, the United States has sent three arms shipment to Iran this year, via Israel. Some $12.5 million of the Iranian payment for the arms was sent from Israel to the Pentagon via the CIA, but the total Iranian payments greatly exceeded that figure. The balance, about $20 million, was passed to the Nicaraguan contras via Swiss banks. According to an initial investigation conducted by the Justice Department, only three people knew about this: Lieutenant Colonel North, a member of the National Security Council; Presidential National Security Assistant Poindexter; and former National Security Assistant McFarlane.

America's arms sales to Iran and its move in switching the payments for these weapons to the Nicaraguan contras are viewed as a possibly serious violation of the law. First, at that time the Congress had already passed a law banning the provision of aid to the Nicaraguan contras; second, the arms sales violated the arms export law; and third, the provision of new aid for the contras had not been authorized by Congress. The fact that this major plot has unknown to the President and other senior officials has been termed "a monstrous absurdity."

Congress has already started hearings on the Iranian affair. Congressmen hold that the testimony of CIA Director Casey was "unbelievable." In fact it is very difficult to make people believe that 2,008 antitank missiles and 235 ground-to-air missiles are "insignificant" weapons that could have no impact on the balance of forces between Iran and Iraq, and could help to end that war.

In the past few days, senior government officials have been leveling sharp accusations at each other. Shultz has been censured by White House officials and accused by them of disloyalty to the President because he has repeatedly and publicly opposed the arms deals. McFarlane recently went back on his consistent stand and acknowledged that the arms deal was a mistake. This angered White House Chief of Staff Regan, who pointed out that secret diplomacy was in fact McFarlane's "lousy idea." Testifying in Congress yesterday, senior State Department officials repeatedly and publicly put forward views contrary to those of the President, causing great surprise among the congressmen present.

There have recently been repeated rumors that some old Californian friends and confidants of Reagan are getting ready to suggest to him that the White House and Cabinet teams should be reorganized. According to reports, their view is that Reagan is now facing "the darkest hour in the past 6 years," while Shultz's resignation or dismissal is being mentioned more and more frequently. Although Reagan has denied that he will fire anyone, public opinion is nevertheless prepared for some kind of reshuffle. However, Reagan's statement today about the dismissal of Poindexter and North still managed to take the media by surprise.

The Congress and certain former government officials are both shocked and worried over today's developments. What people cannot figure out is, how could such a major move be known to only three people? How could Poindexter and McFarlane, both old hands in politics who have held high government posts, have known about it without informing the President? People wonder whether others in high government circles knew about it. One question raised everywhere is, who gave North license? Some commentators have pointed out that the problem now is not just one of prestige; people are doubting the President's leadership and his ability to handle foreign policy. O'Neill, the retiring House speaker, issued a statement today saying that it is a national tragedy that the President's prestige should have been damaged in this way. One Republican Congressman even said that "the post-Reagan era" is now beginning. Such talk may be a bit premature, however, it will not be at all easy for the Reagan administration to recover its prestige at home and on the international scene. Democratic Senator Nunn said that the first challenge facing the Reagan administration is to restore people's faith in U.S. foreign policy. A former White House aide said that this is a problem related to whether President Reagan can exercise effective leadership during his last 2 years in office.

The investigation on the switch of the cash has started. People are eagerly awaiting the testimony of insider North, and are closely watching further developments.

XINHUA NOTES U.S. B-52 BOMBER DEPLOYMENT

OW271010 Beijing XINHUA in English 0715 GMT 27 Nov 86

["Reagan Bomber Approval Puts End to Salt II"]

[Text] Washington, November 26 (XINHUA) — The U.S. Air Force will deploy its 131st cruise-missile-carrying B-52 bomber Friday, exceeding the limits on strategic weapons in the 1979 Strategic Arms Limitation Treaty (SALT II) with the Soviet Union, the local press reported today. The reports quoted unidentified Pentagon officials as saying that U.S. President Ronald Reagan made the final deployment decision at a meeting of his top national security advisers on Tuesday. The officials said Reagan rejected the idea of retiring some older Poseidon-missile submarines to remain within the SALT II limits. They said Reagan's final decision was "based on the Soviet threat" and continuing Soviet violations of the treaty, including deployment of a new generation land-based missiles. The officials told reporters Reagan also agreed that more aging B-52 bombers will be converted to carry cruise missiles and the next conversion will be finished early next year.

The SALT II treaty was signed in Vienna in 1979 by then U.S. President Jimmy Carter and late Soviet leader Leonid Brezhnev, but was never ratified by the U.S. Senate. Both countries claimed their obedience to the treaty despite Senate balking.

Reagan announced last May that the U.S. would end its adherence by the end of this year unless the Soviets took effective measures to end its violations.

The treaty allowed the United States to have 1,320 missile launchers, including 130 cruise-missile-carrying strategic bombers.

QIAN QICHEN MEETS SOVIET DISARMAMENT OFFICIALS

OW270904 Beijing XINHUA in English 0856 GMT 27 Nov 86

[Text] Beijing, November 27 (XINHUA) -- Chinese Vice-Foreign Minister Qian Qichen met and feted here last night L.A. Masterkov, department director of the Arms Limitation and Disarmament Bureau of the Soviet Foreign Ministry.

Earlier yesterday, the Soviet offical briefed Li Daoyu, director of the International Organizations and Conferences Department of the Chinese Foreign Ministry, on the arms limitation talks between the Soviet Union and the United States.

Masterkov has come to Beijing as guest of the Soviet Ambassador to China O.A. Troyanovskiy.

USSR SPOKESMAN CITED ON U.S. VIOLATION OF SALT II

OW272110 Beijing XINHUA in English 1912 GMT 27 Nov 86

[Text] Moscow, September 27 (XINHUA) -- The SALT II Treaty will be a mere scrap of paper when an American B-52 bomber with cruise missiles enters the service tomorrow, and Moscow is considering concrete countermeasures, a Foreign Ministry spokesman said today.

Deputy ministry spokesman Boris Pyadyshev told a news briefing the United States plans to break the 1979 SALT II limits tomorrow. This would inevitably exert a negative influence on superpower disarmament negotiations in Geneva.

The United States says the 131st B-52 bomber capable of carrying nuclear cruise missles will be placed in operational status Friday.

Reports said U.S. President Ronald Reagan refused to retire outdated missiles to keep within the treaty limits on the number of warheads. The treaty was never ratified by the U.S. Senate, but the two superpowers agreed to abide by its provisions.

"The Soviet Government has already said that it will consider itself free of the corresponding measures of that treaty" if the United States exceeds SALT II weapons limits, Pyadyshev said.

The military balance between the two countries cannot be violated, the spokesman said, adding that the Soviet Defense Ministry "is thinking about what concrete, practical steps might be taken" in response to the U.S. move, though it is not in a hurry to do so.

Pyadyshev said the U.S. action "cannot help but influence most negatively the atmosphere in which Soviet-American contacts take place in the context of arms and forces reduction."

XINHUA CITES DPRK CONDEMNATION OF U.S.-ROK GAMES

OW250852 Beijing XINHUA in English 0725 GMT 25 Nov 86

[Text] Pyongyang, November 25 (XINHUA) — The Committee for the Peaceful Reunification of Korea condemned yesterday the recent U.S.-South Korean war games.

The committee of the Democratic People's Republic of Korea said in a communique that the United States and South Korea recently conducted a military maneuver over the highway linking Seoul and Pusan in which F-16 fighter bombers were used.

The United States has brought new military equipment worth one billion dollars into South Korea over the past five years, the committee said.

The United States and South Korea recently announced their decision to deploy "Lance" missile troops near the military demarcation line.

The committee said this move only proves that the United States and South Korea re intent on provoking war on the peninsula.

The committee called for the immediate withdrawal of U.S. troops and nuclear weapons from South Korea and a halt to any military provocation.

XINHUA NOTES DPRK PROTEST OVER 'LANCE' MISSILES

OW252300 Beijing XINHUA in English 1656 GMT 25 Nov 86

[Text] Pyongyang, November 25 (XINHUA) -- The Democratic People's Republic of Korea (DPRK) today protested the U.S. attempt to bring "Lance" missiles into South Korea, the Korean Central News Agency (KCNA) reported today.

The protest was contained in a letter sent to his U.S. counterpart by Yi Tae-ho, senior member of the Korean-Chinese side to the Korean Military Armistice Commission.

On November 14, the U.S. Defense Department and the U.S. Eighth Army Command in South Korea officially announced that a battery of "Lance" missiles would be deployed in the U.S. Second Division District near the military demarcation line in a few months.

The "Lance" missile, Yi said, is a mobile ground-to-ground strategic missile. It is a mass destruction weapon capable of launching neutron and other nuclear warheads and chemical weapons.

This is a challenge to the Korean people striving for national reunification, for the establishment of a nuclear-free and peaceful Korea, and for the complete elimination of nuclear weapons, he pointed out.

He demanded that the United States stop immediately its plan to ship "Lance" missiles into South Korea in accordance with the armistice agreement.

THAI FOREIGN MINISTER ENDS PRC VISIT 25 NOV

OW251300 Beijing XINHUA in English 1258 GMT 25 Nov 86

[Text] Beijing, November 25 (XINHUA) -- Thai Foreign Minister Sitthi Sawetsila and his party left here for home by air this evening at the end of a friendly visit to China.

Sitthi returned here this morning after a tour of Xiamen and Shanghai.

Comments on Trip

BK280838 Beijing International Service in Thai 1330 GMT 26 Nov 86

[Interview given by Thai Foreign Minister Air Chief Marshal Sitthi Sawetsila to unidentified correspondent in Shanghai; date not given -- recorded]

[Text] [Correspondent] Respected Thai Foreign Minister Air Chief Marshal Sitthi Sawetsila, you led a Thai delegation to visit China at the invitation of His Excellency Wu Xueqian, the PRC foreign minister. Please tell us the purpose of the current visit and its results.

[Sitthi] The current visit was at the invitation of His Excellency Foreign Minister Wu Xueqian, who made the invitation some time ago. Initially, I wanted to come in July but had to postpone until now. On the purpose of the visit, in my relationship with Wu and as part of Thai-PRC relations, we have exchanges of views on situations that concern peace and stability in our region and our bilateral relations. I will sum up the visit by saying that I am very satisfied with the results of the current visit. The Chinese side has told me that the success of the visit is enormous considering the length of the visit, which was only 5 days.

[Correspondent] Thai-PRC diplomatic relations are 11 years old. During these 11 years the governments and people of both countries have had close contacts. Thai and Chinese leaders have been satisfied with the fine relationship between their countries and have felt that the two countries should expand the scope of relations. In which areas of relations do you think the two countries can further expand?

[Sitthi] Our countries have a close political relationship, like one between fraternal and neighboring countries. We have many consultations in the political area. Comparatively speaking, the political relationship between our countries is currently very good. On my visits to China in the past 2-3 years, we wanted to establish a stronger foundation for economic, investment, trade, and tourism cooperation -- a people-to-people foundation. We now have various cooperation agreements, particularly in the fields of investment protection and trade.

During the visit of His Excellency Deputy Prime Minister Tian Jiyun to Thailand, he and I signed an agreement on avoidance of double taxation in order to promote increased investment by Thailand in China and vice versa for mutual benefit. Our combined trade volume is currently about $500 million. I suggested to [name indistinct] and Tian Jiyun that we ought to further expand trade relations. This is highly possible now because accompanying me on this trip were leading Thai businessmen and journalists. [Words indistinct] discussions between the businessmen made considerable progress. Moreover, the Joint Thai-PRC Economic and Social Commission meets every year. Next month my deputy foreign minister will go to Beijing.

Every year we make a trade protocol specifying the products which we will trade. We will have to establish a new trade practice in which both sides will help each other. Now that the businessmen have made their observations, they suggested that we ought to exchange data and to gather data about what Thai products southern Chinese provinces want so Thai firms can produce them for markets there. The former practice of trading in agricultural products will evolve into trade in processed agricultural products which will bring more revenue. An agreement has been made on this matter. Thai firms will participate in many joint ventures in animal feed plants for poultry, pigs, shrimps, eels, and so forth. We also discussed this issue during this visit.

We will also have to promote tourism, including projects by Thailand. Our planes now fly two flights a week to China. The Chinese have opened up several tourist spots, and Thailand has many attractive tourist spots. Therefore, we ought to have more tourism exchanges. This is the foundation of our relations in the social, economic, investment, and other fields which will become the permanent foundation in the relations between the two countries.

[Correspondent] Before your current visit, in your speech at the banquet for visiting diplomats based in Beijing, you asked countries and people of the world to support Thailand's efforts for a political settlement of the Cambodian problem. Could you explain Thailand's views on solution to the Cambodian problem?

[Sitthi] The cause of the Cambodian problem is the Vietnamese invasion and occupation of Cambodia, which is wrong and violates the UN Charter and international law. It threatens the world and peace in this region and destabilizes the region. Thailand's only wish is for Vietnamese soldiers to pull out of Cambodia, for a political settlement of the Cambodian problem, and for Cambodians of all factions to be able to determine their own destiny so that Cambodia will become an independent, neutral, and nonaligned country.

I met with General Secretary Hu Yaobang [words indistinct], he even hoped that Cambodia in the future will not be a socialist country because current conditions there are not socialist.

The world community has continued to vote in support of Thailand and ASEAN. For this reason, I feel that the Cambodian problem cannot be settled by military measures. It can only be solved by political means. Thailand's stand is the same as that of China.

[Correspondent] Thank you very much for your valuable time. You will return to Thailand today, am I right?

[Sitthi] We will leave at about 1700.

[Correspondent] I wish you a safe trip home. Goodbye.

SINGAPORE TRADE DELEGATION VISITS PRC

OW271925 Beijing XINHUA in English 1608 GMT 27 Nov 86

[Text] Beijing, November 27 (XINHUA) -- Luo Gan, vice-president of the All-China Federation of Trade Unions, met and feted here tonight a delegation from the National Trades Union Congress of Singapore led by Assistant Secretary General Goh Chee Wee.

The host and guests had a cordial conversation on expanding ties between the two countries' trade union organizations.

FRG ASKED TO LOCATE DIPLOMAT WHO 'DISAPPEARED'

HK261200 Hong Kong AFP in English 1156 GMT 26 Nov 86

[Text] Beijing, Nov 26 (AFP) -- A Chinese spokesman said Wednesday that a Chinese diplomat and his wife reported to be seeking political asylum in West Germany had "disappeared," adding that Beijing had asked for Bonn's help in finding them.

"The commercial first secretary of the Chinese Embassy in the Federal Republic of Germany and his wife disappeared recently," a spokesman said by telephone in response to reporter's questions. "We have already requested the government of the Federal Republic of Germany for assistance in finding them," he added.

(Official sources in Bonn have identified the diplomat as Tu Bingru, first secretary in the embassy's Trade Department since 1984. The sources said he applied for asylum Monday at the Federal Immigration Office in Bonn along with his wife. He is one of 15 first secretaries at the embassy and is considered to be of middle rank, informed sources said.)

Analysts here said the phrasing of the Chinese response suggested Beijing hoped to keep the matter low-key and was unlikely to endanger relations with West Germany and other European countries in an attempt to get the diplomat back.

China's current attitude towards such matters could be seen in its approach towards the case of Chinese dissident novelist Yu Luojing, who sought political asylum in West Germany in March, the analysts said. Beijing made virtually no protest about her defection at the time and according to well-informed sources here has since allowed the writer's husband to join her in West Germany.

The case of the diplomat could be complicated, however, because of the possibility he had access to confidential information and official concern that his case could set an unwelcome example for other Chinese diplomats abroad, the analysts said.

GU MU MEETS GERMAN FEDERAL YOUTH DELEGATION

OW201444 Beijing XINHUA in English 1303 GMT 20 Nov 86

[Text] Beijing, November 20 (XINHUA) -- State Councillor Gu Mu met here today a delegation from the German Federal Youth Council, led by Chairman Klaus Westermann.

FANG YI, SONG JIAN MEET BRITISH SCIENTISTS

OW220712 Beijing XINHUA Domestic Service in Chinese 1455 GMT 18 Nov 86

[Excerpts] State Councillor Fang Yi and State Councillor and Chairman of the State Scientific and Technological Commission Song Jian this afternoon met with noted British biochemist and historian of sciences Dr Joseph Li and his assistant Dr Lu Guizhen respectively. [passage omitted]

Joseph Li is setting up a new library for the "Jospeh Li Research Institute" at Cambridge for the purpose of writing a book entitled "The History of Chinese Science and Technology" and cultivating people who are engaged in the study of the history of China's natural science. During the meeting, Song Jian praised Joseph Li's efforts and stated that the PRC would make a donation toward the building of the new library. [passage omitted]

YOUTH PAPER 'PARDONED' FOR DENG RETIREMENT ITEMS

HK270332 Hong Kong HONGKONG STANDARD in English 27 Nov 86 p 8

[By Yau Shing-mu]

[Text] The SHENZHEN YOUTH, reportedly China's most liberal newspaper which is published in the Shenzhen Special Economic Zone bordering Hong Kong, has just had a narrow escape.

It has been pardoned for calling on supreme Chinese leader Deng Xiaoping to step down.

That itself was not the main reason the paper was put on the mat as Mr Deng himself has repeatedly announced his intention to retire early to set the tone for a truly collective style leadership in China.

The paper was castigated for publishing the Shenzhen municipality's reaction to its Deng suggestion, both of which appeared in its publication late last month.

Sources say the paper's staff had to provide a lengthy explanation to Beijing in which they admitted "carelessness and inaccuracy" before they were let off the hook.

The first article, slotted in as the leading commentary on the front page of the paper's October 21 issue, broke the uniform tone of the press in China.

It was the first commentary for widespread dissemination in China that supported publicly Mr Deng's early retirement idea.

But the party's Central Committee has never taken up this question and no publication has publicly commented on the suggestion.

The SHENZHEN YOUTH article raised eyebrows all over the country.

Surprisingly, it was written by Qian Chaoying, an official of the Propaganda Department of the party in Shenzhen.

It argued that Mr Deng's retirement would set a good example towards ending the life-tenure system and demonstrate the vitality of the collective style of the current leadership.

It would show that this leadership was not dominated by a particular figure, the paper added.

It would also show the world that the policy on the Hong Kong future unchanged even if Mr Deng left the scene. [sentence as published]

Mr Deng is the chairman of the party's Central Advisory Commission, the Central Military Commission of the state and the party.

A week later the paper carried reactions to its commentary from Shenzhen's top municipal officials who voiced support of the idea.

An insider told THE STANDARD that the headquarters of the Communist Youth League in Beijing immediately investigated why Shenzhen took sides on the issue.

This was probably to establish if an anti-Deng power bloc existed in Shenzhen.

The paper is controlled by the Communist Youth League and is published twice a week.

Said the source: "In fact, the report did not quote anybody. What it reported was hearsay.

"Perhaps hearsay picked up from private discussions; but without confirmation, the municipal authorities should not have been mentioned," the source said.

"I think our paper is most liberal and freest on the mainland. But the case in point is most important, sensitive and fluid as no party decision has yet been made.

"Thus, we should handle this issue carefully," a ranking official of the paper said.

"There is still a long way to go in freeing the press, though some quarters of the central government are trying hard to launch a discussion campaign to give the press more room to manoeuvre.

"Anyway, the government has not been able to legislate a press law although the drafting work on one was completed a long time ago."

ZHAO ZIYANG SUGGESTS MINISTRY OF SUPERVISION

OW270802 Beijing XINHUA in English 0742 GMT 27 Nov 86

[Text] Beijing, November 27 (XINHUA) -- China will likely reinstate a Ministry of Supervision over the government departments, government workers and government employed factory managers. Premier Xhao Ziyang introduced a motion calling for the establishment of the new ministry at the on-going meeting of China's highest legislature.

Under the new ministry, a system of checks would be set up to make sure state policies are implemented and laws and regulations are observed at the government departments.

The motion was submitted to the 18th meeting of the National People's Congress Standing Committee for deliberation.

If the motion is passed, the State Council will set up the new ministry but the corresponding supervisory departments will be instituted at local governments above the county level.

Speaking for the motion, Vice-Premier Qiao Shi said the task of the new ministry is not only to supervise the implementation of state policies, laws and regulations but to handle cases involving violators, deal with complaints and charges, and examine disciplinary measures taken against government employees.

The supervisory organs of the local level will have the right to examine, investigate and the right to take certain administrative disciplinary measures. If their decisions are not accepted by violators, they can lodge complaints to the supervisory organs at higher level or the State Council.

TIAN JIYUN SPEECH AT RURAL WORK CONFERENCE

OW252255 Beijing XINHUA Domestic Service in Chinese 0149 GMT 25 Nov 86

["Persist in Reform and Promote the Sustained and Steady Development of the Rural Economy -- Speech at the Central Rural Work Conference (8 November 1986) By Tian Jiyun"]

[Text] Beijing, 25 Nov (XINHUA) -- Comrades: To study and plan the rural work for next year in a fairly timely manner, this year's rural work conference is held somewhat earlier than usual. The main items on the conference agenda are to analyze the current rural economic situation throughout the country and to study the principles and policies for furthering the rural reform and rural economy next year. Following this conference, the party Central Committee and the State Council will issue a document to guide next year's rural work. Now I would like to offer some opinions on the following three questions:

1. On the Current Situation [subhead]

Presently, our country's political and economic situations are both very fine, presenting a gratifying scene of prosperity and devlopment.

The people of all nationalities around the country are together making concerned efforts to proceed with the four modernizations program, and the reforms in all fields are progressing smoothly and developing in depth. Party rectification work is also advancing smoothly with a turn for the better appearing in our party style and in the standards of social conduct. Socialist democracy and the socialist legal system have been further strengthened, and significant advances have been made in building the socialist spiritual civilization. The political situation marked by stability and unity has continued to be consolidated and developed.

The "Resolution of the Central Committee of the Communist Party of China on the Guiding Principles for Building a Socialist Spiritual Civilization," adopted at the 6th Plenary Session of the 12th CPC Central Committee last September, is of vital immediate and long-term importance in pushing forward the work of building a material as well as a spiritual civilization in our country, promoting all-round reform and opening to the outside world, and building socialism with Chinese characteristics.

Our economic structural reform has made new progress, following the efforts to consolidate the achievements scored in the past few years. The work of intensifying and improving macrocontrol over the entire national economy and increasing the enterprises' vitality have yielded conspicuous results. Lateral cooperation has also shown considerable development in the realms of production, commodity circulation, science, and technology. These are two striking results we have achieved this year in reforming our economic structure. In view of the rather stable economic situation and the improved economic environment this year, we have put into effect this year some economic measures originally scheduled for next year so as to alleviate the hard-to-bear burden resulting from too many reform measures executed in the same year. These include predominantly raising the lumber price in the north, increasing the purchase price of corn, soybeans, and sunflower seeds in the three northeast provinces and Nei Monggol, further decontrolling the prices of small commodities, properly adjusting the prices of certain industrial products, and beginning to widen the commodity price disparities between fine and poor quality, wholesale and retail, and between different places and different seasons. In addition, two major reforms have been made beginning the fourth quarter: One is the labor reform centered on the implementation of a labor contract system in state-owned enterprises. The other is that more industrial enterprises owned by the masses have reformed their systems of leadership on an experimental basis. The implementation of these reform measures has produced and will surely continue to produce a far-reaching impact on our country's economic construction and economic life.

Generally speaking, the development of the entire national economy has become increasingly close to normal development since the beginning of this year. The nationwide gross industrial output value from January to October met 81.5 percent of the annual target, up by 7.4 percent compared with the corresponding period last year. A relatively large increase is noted in the production of energy, raw and semifinished materials, and readily marketable products. It is expected that the industrial growth rate for the whole year will reach 7 to 8 percent. Meanwhile, the rural economy has further developed so that the grain output is expected to surpass last year's. The market is characterized by brisk buying and selling. Supplies of commodities are more ample than last year, and the level of retail commodity prices may even be lower than the target set for controlling such prices. The amounts of currency withdrawn from circulation and people's savings in urban and rural areas have both outstripped last year's records. In foreign trade, the volume of exports has increased. Fixed asset investments on projects included in the budget have been mostly put under control, while the trend of excessive growth of consumption funds has been checked to some extent. Good results have also been achieved in fulfilling the financial revenue plan.

Further progress and development have been made in rural work. The results are fruitful. The production structure has been further readjusted. The various localities have paid particular attention to grain production by increasing input and strengthening leadership. The peasants' enthusiasm for grain cultivation has been enhanced through institution of the contract procurement system, the introduction of measures to aid agriculture by industry, and the lowering of prices for fertilizers produced by small chemical fertilizer plants.

The national grain acreage has been increased by more than 30 million mu compared to last year. The output of summer grain and early rice this year rose by more than 10 billion jin over 1985. Despite serious natural disasters in some important grain-producing provinces, a comparatively good autumn grain harvest has been reaped thanks to efforts by the masses in fighting the disasters. Taken as a whole, 1986 is still a bumper year for grain production. Success has also been scored in building agricultural commodity bases. In the course of readjustment, the village and town enterprises continued to grow, and their product quality and management further improved. New progress has also been made in the work to assist the poor areas to become better-off. The State Council set up the Leading Group for Economic Development in Poor Areas this year. The various localities and departments have strengthened supervision over work in the poor areas, intensified investigations and studies, clarified the guiding ideology, and adopted effective measures for helping the peasants to overcome poverty and achieve prosperity. Relatively good results have been scored in this respect. Rural commodity production has continued to develop, and the rate of commercialization of farm produce has been enhanced. Farm produce markets in most of the medium-sized and small cities are booming, and the circulation of aquatic products, vegetables, and fruit is comparatively smooth. The peasants have made new developments in pre- and post-production cooperative services and they have promoted lateral ties. Some localities have paid proper attention to strengthening the building of rural capital construction and the repair, maintenance, and management of rural irrigation facilities have been improved in various places. In short, the reform is gradually deepening, and the agricultural population of 800 million is living happily and working in peace and contentment. In addition, the peasants' enthusiasm for production is surging, and a commodity economy has been further developing. All these are the principal signs of an excellent situation in the rural areas.

Of course, there are still some problems in the course of economic development, namely, poor economic results, low labor productivity, declining product quality, and rising deficits for enterprises. No substantial changes have been made in production setup product mix, consumption pattern, or market supply and demand. Also, some departments, localities, and enterprises have made excessive investments in fixed asseets. Due to declining international oil prices, adjustment in the exchange rate of renminbi to foreign currencies, and rising expenditures in certain areas, some financial deficits are expected for 1986 despite the adoption of certain measures to remedy the situation. In agriculture, because of weak material and technical foundations, excessive tapping of certain resources, and the aging of existing facilities, the ability to withstand natural disasters is deplorable. For this reason, grain output in 1986 failed to reach the historical high set in 1984. Following the implementation of the household production contract responsibility system nationwide, the state has not yet found a good solution to the macroeconomic regulation of agricultural production. With the rural commodity circulation system not yet perfected and the circulation of many farm products still clogged, the price of some produce continued to fluctuate a great deal. Despite all the work in building rural grass-roots organizations, in selecting, promoting and training grass-roots cadres over the past several years, and in spite of the achievements scored, this work is not keeping pace with the needs for rural reform and for the building of the two civilizations. The aforementioned problems arising from the course of advance can be solved step by step. Taking into account the situations of various quarters, the economy in 1987 will maintain its sustained stable growth, and the situation will be even better next year.

In the final analysis, the central authorities' principles for continuing to strengthen and improve macroeconomic control and the principles for consolidating, digesting, supplementing, and improving reform are correct. Thanks to the earnest implementation of these principles, the unstable factors in the national economy have diminished, and reforms have been further consolidated and developed, thereby producing favorable conditions for reform in 1987.

We must have a sober understanding of the overall situation. We must fully affirm the achievements, face up to the existing problems, enhance confidence in reform, do practical work, and continue to develop the excellent situation.

2. Basic Requirements in Next Year's Rural Work [subhead]

Under the Seventh 5-Year Plan, China's average rural social output value is to increase 6 percent annually. By 1990, the annual output of grain should reach from 850 to 900 billion jin, that of cotton 85 million dan, that of meat 22.75 metric tons, and that of cement 9 million metric tons; the acreage covered by forests should reach 14 percent of the total land area; and the total irrigated area should increase 20 million mu in 5 years. It is an arduous task to meet these requirements. Next year will be the second year of the implementation of the Seventh 5-Year Plan. Progress should be made in all areas next year. The general requirements for next year's rural work are: Continuously persisting in reform; doing a good job in grass-roots party rectification; striving to increase grain output by a relatively big margin; developing the commodity economy in an all-round way; and achieving sustained and steady growth in rural economy.

Continuing the reform will be the most important task in next year's rural work. The general guidelines for next year's economic structural reform are: Continuously strengthening the enterprises' vitality; improving the market function and macro-management; developing social productivity; and ensuring the national economy's sustained, steady, and coordinated development. The current shift of the focus of the economic structural reform to the cities does not mean that the rural reform is nearly completed. The fact is that the task of rural reform is still arduous. Continued efforts and improvement are still needed in implementing the original reform measures; and new reform measures are also called for by the developing situation. The widespread household contract responsibility system has put an end to the long-standing system of "sharing food from the same big pot" and greatly aroused the peasants' enthusiasm. This policy will not change and will continue for a long time to come. Of course, following the improvement in agricultural productivity, the household contract responsibility system must also be improved and perfected. In the developing commodity economy in the rural areas in recent years, what the peasants most urgently need are services to assist them before, during, and after production. These services form an important link in the process of changing from a natural to a commodity economy in the rural areas. Our work must keep pace with the situation and provide guidance according to the circumstances. We must regard the development of various economic forms, various kinds of management methods, and multilevel services as important measures for deepening the rural reform. We must do a good job in improving the rural circulation system, unblock the circulation channels, develop lateral cooperation, and enliven the rural commodity economy. Currently, family-run and cooperative farms of considerably large size have appeared in the economically developed localities and in the suburbs of large cities. Their large size has enabled them to achieve good economic results. We may experiment with it in areas where the conditions are available. But this does not mean that we should rush ourselves and engage in large-scale operations without first giving consideration to our own conditions. We should by no means be over enthusiastic and engage in this sort of experiment in localities where economic conditions are relatively poor and where the disposal of excessive farm labor is relatively difficult. We do not mean that the above reform tasks should all be fulfilled next year. Some of them take several years or longer. Therefore, in implementing the reform measures, we have to be both enthusiastic and yet careful, avoid excessiveness, suit measures to local conditions, be realistic, and never require "uniformity" in everything.

Some localities are exploring new ways of economic cooperation. This is a complicated and sensitive issue. In exploring new ways for economic cooperation, we must let the peasants take the initiative and make their own choices, and we must respect their pioneering spirit. The leaders must not insist on certain models or impose restrictions and should never promote those large-scale cooperativization movements like in the past.

While trying to make the reform a success next year, we must also integrate the reform with other rural tasks in order to make new progress in rural economic construction.

A. Do a down-to-earth job in promoting grain production and continue to make rational readjustments to the rural production structure.

The situation of grain production has a decisive impact on our entire reform and construction efforts. We must continuously do a conscientious job in implementing the principle "never relax grain production, actively develop diversification" and strive to increase grain output by a large margin. In June this year, Comrade Deng Xiaoping pointed out: "In agriculture, the main problem is grain. If agriculture suffers a setback, the problem cannot be solved in 3-5 years." He also said: "In exercising macrocontrol, we must put agriculture in a proper position, keeping in mind the target of achieving a total grain output of 960 billion jin by the end of the century." This is an important guiding concept for developing China's rural economy. China's achievements in grain production in recent years have attracted worldwide attention. However, because of China's large population and scarcity of arable land, the development of the food and feed industries which use grain as their main raw material, and the improvement in the people's diet, the demand for grain has become greater and greater. Therefore, China will face a grain shortage, rather than a grain surplus, for a considerable time to come. We must rely on ourselves, not imports, to solve our grain problem. Leaders at all levels must clearly realize this fact and work out long-range plans. This year's grain output is higher than last year's but is still lower than expected. We must strive to make next year's grain output reach or surpass that of 1984. To reach that goal, we must continuously adopt effective measures to protect and arouse the peasants' enthusiasm for growing grain crops and ensure them economic benefits from this. An important measure to promote grain production is properly raising grain prices. But currently we do not have the necessary conditions to raise grain prices by large margins. Thus, we must adopt other economic measures to mitigate the contradictions in grain production. We must continue to implement the contract system for grain purchases. For a considerably long time to come, we must persist in buying grain according to prices stipulated in contracts and at negotiated prices. We must make it clear that under the present conditions in China, a contract for grain purchase is both an agreement and a duty. We must clearly explain this to the peasants. We must call on and encourage the peasants to fulfill their obligation of selling grain to the state according to signed contracts. At the same time, we will gradually improve measures concerning contracts for grain purchases and readjust the national target for grain purchases. The various provinces, municipalities, and autonomous regions can formulate specific plans in this regard according to local conditions. Readjusting the quota of grain purchases in contracts does not mean that the state can now afford to buy less grain because there is a grain surplus. Rather, it means that the over-quota grain may be sold at negotiated prices to give more economic benefits to the peasants. In addition to readjusting the basic quota of contract grain purchases, we will make the contract more mutually beneficial by linking grain sales to the distribution of chemical fertilizers and diesel oil as well as the down payment.

The standards for these mutually beneficial terms have already been set. The various departments and localities must seriously implement them and ensure that they are honored down to the peasant households. Beginning with the marketing of next year's new grain and cotton crops, we will suitably raise the purchase prices for certain varieties of grain and oil-bearing seeds in a number of localities. The purchase price for cotton produced in southern China will be readjusted from the "4:6" ratio to a "5.5" ratio. The purpose of making minor price readjustments is to gradually solve the problem of irrational pricing of various kinds of agricultural products. The economically developed areas must continue to subsidize agriculture with industry. At the same time, they must stabilize the acreage of grain crops. In readjusting the rural production structure, measures taken must suit local conditions. Even in the mountain regions, we must adopt a step-by-step approach without undue haste in reverting former forest and pastoral land that has been converted to farmland, back to their former status. The mountain regions must take positive actions to improve the medium and low yield farmland, continue to build up marketable grain bases, pay attention to the application of science and technology, and strive to raise the per unit yield of grain. They must also take measures to ensure the stability of cotton acreages, raise the per unit yield of cotton, and make rational distribution of their cash crops, thereby achieving all-round development.

Currently, forestry and animal husbandry are weak links in China's agricultural economic development, and measures are urgently needed to strengthen construction in these two sectors. Due to excessive felling in many forest zones in recent years, the state-run forest enterprises are in economic difficulty. The syndrome of existing problems in forestry calls for comprehensive treatment. It is necessary to enhance understanding for forestry and enable the entire society and all the people to take seriously forestry work. We must foster a correct guiding ideology, a strategic plan, and an operating policy. The fundamental solution to forestry development lies in vigorously planting trees to increase forest resources and raise the ratio of forest cover. The operating policy should be to coordinate lumbering and afforestation while giving emphasis to the latter. It is also necessary to promote comprehensive development and diversified operations, and improve management to raise economic results. We must further study the forestry economic policy. The general policy should be to give active support to foresty in order to invigorate it. To tackle problems in the state forest zones, the General Office of the State Council has already transmitted a summary of minutes, and called for earnest implementation by the various localities and departments. The forestry departments must seriously sum up experiences and continue doing a good job. At the same time, the state and the localities must give necessary support to forestry work. Thus, there is hope that forestry can be revitalized. The pastoral areas must further perfect the production responsibility system in order to whip up the herdsmen's enthusiasm in livestock production. We must energetically step up pastoral work, pay attention to scientific livestock farming, raise the rate of commercialization for livestock products, further adjust the purchasing and marketing policies, unclog circulation channels, and vigorously promote lateral economic cooperation in order to enhance the pastoral economy. Southern China must pay attention to developing, utilizing, sowing grassy hills and slopes, and raising grazing animals. Since the current meat supply to cities and the countryside comes mainly from pigs in the rural areas, it is therefore necessary to take effective measures to ensure a steady growth in pig production and to prevent big fluctuations in supply. The CPC Central Committee and the State Council have planned to convene a special meeting at an appropriate time next year to study problems related to forestry and animal husbandry. It is hoped that the various localities and relevant departments will make serious investigations and studies and submit proposals for reform.

To ensure steady and healthy growth for village and town enterprises, we must adhere to the policy of active support, rational planning, correct guidance, and improved management. In developing village and town enterprises, we must simultaneously promote township, village, household, and cooperatively-run enterprises, and regard them as the "four wheels of a vehicle." We must proceed from local conditions, tailor plans to market demand, strive to individually carry out projects, and avoid blindly pursuing new undertakings. Village and town enterprises in economically-developed areas must pay attention to tapping potential, making innovations, strengthening ties with industries in cities, and improve quality and economic results. Although it is necessary to apportion some of the income from village and town enterprises to "subsidize agriculture," the amount of money apportioned must be appropriate and it is strictly prohibited to apportion expenses at will.

The state farms must earnestly implement the guidelines of the central authorities' relevent documents, further improve the running of family farms contracted by workers and staff, perfect the joint operating system of large and small farms, and develop lateral economic cooperation in order to enhance their vitality. Systematically, the state farms must be built into stable commodity production bases for domestic and foreign trade, into exemplary bases in agricultural specialization, commercialization, and modernization, and into service centers in the localities for the propagation of advanced technology and fine seed strains in the rural areas, and as centers for processing, transportation, and marketing.

B. Actively Improve the Interflow of Commodities To Invigorate Commodity Circulation in Rural Areas

In China, the question of marketing is ultimately one involving rural markets because, with the vast area and 800 million peasants, the Chinese countryside supplies a huge market. Invigoration of commodity circulation in rural areas is of great importance in developing the national economy as a whole. Along with the development of commodity production, peasants have become more and more dependent on commodity circulation, and there is a growing demand among them for reform of the commodity circulation system. Experience over recent years has indicated thae need to relax control. However, it does not mean that all problems can be solved that way. It is necessary to carry out tremendous and meticulous organizational work to enable hundreds of millions of Chinese peasants to become commodity producers, successfully set up markets, and obtain good economic benefits. In recent years, we have achieved remarkable progress in reforming the circulation system in rural areas, which should be confirmed. However, much remains to be done in continuing the reform. Problems in circulation should be tackled along with those in production. Due to obstruction in circulation, many agricultural products were kept too long in stock, and the poor economic benefit has dampened the enthusiasm of producers and dealers. Therefore, we must take vigorous efforts to reform the rural circulation system next year. First, we should study various purchasing and marketing methods and improve the purchasing and marketing system, based on different characteristics of farm and sideline products and their relations to the national economy and the people's livelihood. Efforts should be made to solve problems involving keen competition to buy popular products and reluctance to market or purchase not-so-popular goods. Second, it is necessary to develop diverse channels of circulation in order to resolve the existing condtradictions between small producers and big markets. It is necessary to mobilize state, collective, and individual sectors to gradually set up multichannel commodity circulation networks at various levels, and with diverse forms, and in developing new circulation associations combining agriculture and commerce, commerce and industry, or agriculture and industry.

It is also necessary to pay close attention to constructing, opening, and supervising commercial facilities. State commercial enterprises should conduct operations in accordance with the objective demands of a commodity economy, and should take part in market competition and regulation on a par with collective and individually-run commercial enterprises. Large state retail enterprises should implement various forms of the management responsibility system, while small and medium-sized state retail enterprises should actively introduce the lease system. Supply and marketing cooperatives should introduce diversified management and develop various associations or economic communities, together with the peasants, in supplying means of production and subsistence, providing technical, information, and financial services, and purchasing and processing products. They can also set up various joint ventures with peasants (including individuals, combination of farm households, or collectives). The direction of strengthening supply and marketing cooperatives' "three characters [san xing 0005 1840]" is correct. However, instead of just paying lip service to it and acting perfunctorily, it is necessary to do solid work and adopt flexible management methods to continually increase the cooperatives' economic substance in order to enable them to really become peasants' economic organizations. The prospects for reforming supply and marketing cooperatives are good. Positive experience already obtained by some localities should be actively popularized by others according to their actual conditions. It is also necessary to pay attention to peasants' trade fairs and encourage peasants to set up wholesale or retail markets for farm and sideline products in towns in order to improve the interflow of farm and sideline goods between town and country.

C. Continue To Accelerate the Economic Development of Impoverished Areas To Invigorate Their Economic Vitality

Despite penetrating changes in the Chinese countryside in recent years, some rural areas remain backward economically, and little improvement has been made in their people's livelihood. In some areas, the problem of providing enough food and clothing for peasants has not been solved yet. It is of great political and economic significance to eliminate, as quickly as possible, the backwardness in poor areas and provide enough food and clothing for the peasants. Great determination, clear objectives, and a set of effective measures are definitely required in carrying out this unertaking. We should initiate reform and exploit the resources of poor areas in order to ignite their inherent economic dynamics and build up their ability to rely on themselves for economic development. It is necessary to adopt measures suited to local conditions and combine the local labor force with natural resources in developing crop cultivation, aquiculture, mining, and transportation, processing farm and sideline products, and organizing labor service for other localities. Efforts should be made to discard the idea of a small-scale peasant economy, a closed economy which has caused the backwardness, foster the concept of commodity economy, and actively develop commodity economy. It is necessary to open the areas to other localities by developing diverse lateral ties with developed aeas and major cities and absorbing skilled personnel, technology, and funds needed for accelerating the economic development of poor areas. Overall arrangements should be made to concentrate financial resources, including subsidized funds from various quarters, on selected key projects to ensure good economic efficiency. Poor areas are latent with abundant natural resources and great enthusiasm among the people. As long as we strengthen leadership and adopt effective measures, we shall be able to change the outlook of the areas at an early date.

D. Reform and Other Jobs in Rural Areas Must Aim At Ensuring a Steady Increase of Peasants' Income

The fundamental goals of reform and other jobs in rural areas are to liberate productive forces, develop a commodity economy, increase peasants' income, and achieve common prosperity.

This should be our guiding ideology in carrying out all reform measures in rural areas. The development of a commodity economy is the best way for the peasants to increase their income, and it provides an opportunity for them to become prosperous. It is important to continue the practice of allowing some peasants to become prosperous before others, and to support the development of households that specialize in the production of certain commodities. When this occurs, many other peasants will learn by example and will find their own road to prosperity. Enterprises and departments should not be allowed to retain or take back the economic benefits obtained by peasants over the last few years through reform. If conditions permit, other reform measures should be taken in the future to bring further economic benefits to the peasants. Prices of agricultural production means should, in general, remain unchanged next year. At the same time, in purchasing farm products, it is necessary to observe the principles of setting prices according to quality and strictly prohibiting the practice of forcing prices down by levying fake charges or by retaining funds arbitrarily, in pursuance of egalitarianism and indiscriminate requisition, to firmly protect the legitimate income of peasants. In a nutshell, we must keep up the trend of steady increases in peasants' income. With more income, the peasants will invest more in agricultural production, and their greater purchasing power will increase the turnover of the rural market, thereby enlivening the country's market as a whole and invigorating agriculture, industry, and commerce at the same time. Therefore, to keep the trend of steady increases in peasants' income is, in a sense, to maintain a sustained and stable development of the national economy.

E. Conscientiously Carry Out Rural Party Rectification, and Intensify Rural Grass-roots Work

Party rectification at the village level will be successively unfolded this winter and next spring. It will provide an excellent opportunity to improve grass-roots party organizations and political power organs and to raise the quality of grass-roots cadres in rural areas. We must improve leading bodies and promote economic reform through party rectification. Grass-roots cadres and large numbers of party members should play an exemplary role in publicizing and implementing the party's principles and policies and in uniting and guiding the masses of peasants to develop a commodity economy. It is necessary to earnestly implement the "Resolution of the CPC Central Committee on the Guiding Principles for Building Socialist Spiritual Civilization" by helping peasants to get rid of the idea of a small-scale peasant economy, by opposing feudal superstitions and other ignorant and outdated practices, and by fostering and developing socialist ethics to build a prosperous and civilized new countryside. All localities are urged to earnestly implement the measures and demands mapped out by the Central Commission for Guiding Party Rectification and by other relevant departments for party rectification and grass-roots construction in rural areas.

3. Strive To Increase the Momentum for Developing Agriculture [subhead]

Agriculture is the foundation of the national economy. It is our basic national policy to modernize agriculture and to ensure its stable development. From now until the end of this century, we must achieve a larger agricultural growth. Last year, we produced at total of 760 billion jin grain. To meet the target set for the Seventh 5-Year Plan, we must increase our annual grain output by an average of 20 to 30 billion jin, and by at least over 10 billion jin to reach the target set for the end of this century. How are we going to fulfill our goal? The key lies in deepening the reform and in improving material and technological conditions for agriculture.

We must adopt correct policies and measures to continuously increase the momentum for developing agriculture. This is a strategic issue that merits our prompt consideration without delay.

Thanks to the series of rural economic policies adopted by the party, which fired the enthusiasm of peasants in production, agricultural production developed rapidly during the Sixth 5-Year Plan. To maintain sustained and stable agricultural development, it is imperative to further harness the enthusiasm of peasants. We should tap the great potentials in this aspect by deepening the reform. However, as human enthusiasm can stimulate productive forces only under certain indispensable material conditions, it is necessary to increase, with available financial and material resources, investment in agriculture and farmland capital construction, including irrigation works, forestry, animal husbandry, and fishing. Agricultural benefits can best manifest themselves in social benefits. Therefore, we should proceed from overall interests by sparing no expense and by mobilizing all trades and professions to vigorously support agriculture.

We must rely on the initiative of the state, localities, collectives, and the peasants to increase their agricultural investment. While the central government will increase its agricultural investment, the proportion of local authorities' agricultural investment should also be larger. As local revenue grows each year, local authorities should set aside a proper percentage of this growth for agricultural development. However, because of China's weak foundation, its limited financial and material resources, and the great deal of projects that need to be accomplished, it can only increase its agricultural investment according to its ability, and cannot afford to invest a lot of money in agriculture in a short time. Such being the case, we still have to count on the peasants to increase agricultural investment. We should draw up necessary policies to encourage collective and individual agricultural households to invest more in agriculture, and to ensure the investors' returns. Agricultural investment must be spent properly. It should not be misappropriated or spent aimlessly. It must be spent where it is needed most and where it can produce the best economic results. The state's capital construction investment should primarily be spent on harnessing large rivers, developing major projects, and on building commodity production bases and an educational, scientific, and technological infrastructure. Budgets for supporting agricultural production and other agricultural projects should primarily be spent on improving production conditions and on disseminating new technology to increase productivity and expand the capacity to cope with disasters. Investment projects should be properly managed. A system should be set up to administer projects built with these investment funds, and a fee should be charged for the use of finished projects so that investment funds can be recirculated and produce higher results. To encourage investment in the form of labor, all types of flexible measures should be employed to organize the peasants to take part in capital agricultural construction. This issue must be dealt with as soon as possible. The longer it is delayed, the harder it will become. To forestall abuses, intensify maintenance, and give full scope to their effectiveness, we should set up a system of responsibility to protect our agricultural facilities. To ensure continual agricultural growth, we must properly preserve our agricultural resources. As land is the most precious resource of agricultural development, we must firmly implement the Land Management Law, intensify urban and suburban land administration, and strictly prohibit misappropriation and misuse of land.

We should make great efforts to promote agricultural science and technology. China's agricultural baackwardness can primarily be attributed to scientific and technological backwardness.

Thus, to bring about greater agricultural development, we should gradually turn to science and technology. Currently we should pay special attention to popularizing applied science and technology. Much work can be done to tap the great potential of this area. We should select a number of agricultural technologies, which can produce great results with limited investment, and muster the efforts of various quarters to disseminate them. We should pay great attention to the cultivation and dissemination of good seed strains, which have remarkable effects in increasing agricultural output and improving the quality of agricultural products. We should intensify the training of grass-root disseminators of agricultural technology to bring advanced technical know-how to all rural households. Meanwhile, the study of advanced technology, such as biological engineering, must be started as soon as possible. The "spark program," initiated by the State Scientific and Technological Commission, is very popular among the peasants, but it has encountered some problems during its implementation. It is hoped that, with the support of various quarters, the sparks of scientific and technical know-how can be extensively disseminated throughout the vast countryside.

The main purpose of increasing material investment in agriculture is to develop an industry that serves agriculture with more quality goods needed for agricultural production. Presently, the peasants' needs for industrial goods for agricultural production are rising each day, and departments concerned should make proper arrangements for the production and supply of such goods. They should pay attention to production and to the supply of chemical fertilizer -- especially that of good quality -- and promote the use of organic fertilizer. In accordance with the needs of peasants in different localities, farm machine manufacturers should heed the needs of various trades in rural areas, and serve agricultural mechanization in rural areas by producing what is needed. Owing to the large numbers of enterprises operated by townships and towns and to the outflow of the labor force from rural areas, the economically developed regions have a more urgent need for agricultural mechanization, and they may undertake this project immediately.

To ensure long-term, stable agricultural development, we must now earnestly study -- and gradually implement -- the fundamental measures compatible with China's agricultural development. The relevant departments of the party Central Committee and the State Council have already put forward certain preliminary proposals and are assessing them from different angles with a scientific approach. All localities should also seriously study these issues and plan properly, and adopt effective measures for ensuring stable agricultural development. Research on rural development is very important. It is hoped that all localities will give full scope to the role played by rural development, research departments, and researchers, and intensify their research, so our decisions concerning rural reform and economic development can be more scientifically supported and our rural economic development can be enhanced.

Comrades! Next year China will take a new step toward restructuring its economic system, and major progress will be made in socialist material and spiritual construction. As such, our rural work will be very hard. It is hoped that party committees and governments at all levels will continue to intensify their leadership over rural work, will guide the hundreds of millions of peasants to march forward during the course of reform, and will greet the convocation of the 13th party congress with even greater successes!

UNITED FRONT WORK CONFERENCE OPENS 27 NOV

OW271346 Beijing XINHUA in English 1337 GMT 27 Nov 86

[Text] Beijing, November 27 (XINHUA) -- To promote the concept of "one country, two systems" and strive for the peaceful reunification of the country is the main task of patriotic united front work in China.

This task was outlined by Yan Mingfu, head of the United Front Work Department of the Chinese Communist Party Central Committee, here today.

Speaking at the opening ceremony of a national conference on united front work, Yan said: "Developments in the country and the putting forward of the concept of 'one country, two systems' have entrusted the work with new tasks and its scope has been enlarged."

"The patriotic nature of the work has become more noticeable," he said, "and anyone who supports the reunification of the country will be united, no matter what class, party or group he belongs to, and what political belief or ideology he has."

Yan explained patriotic united front work under the new circumstances in China as falling into two categories. One is the alliance of all laborers and patriots on the mainland with socialism as the political basis, and the other is the alliance of Taiwan, Hong Kong and Macao compatriots and Overseas Chinese with support for the reunification of the country as the political basis.

"Patriotic united front work should abide by the 'one country, two systems' concept as one of its priorities, and strive for a third cooperation period between the Communist Party and the Kuomintang," he said.

Xi Zhongxun, member of the Political Bureau of the Chinese Communist Party Central Committee, and 320 provincial, autonomous regional and municipal officials in charge of united front work and leaders of non-communist parties, people's organizations and non-party individuals attended today's opening ceremony.

Front Work Hailed

OW271846 Beijing XINHUA in English 1456 GMT 27 Nov 86

[Text] Beijing, November 27 (XINHUA) -- Officials involved in patriotic united front work are urged to adopt new ideas, methods and work styles to achieve breakthroughs in their work.

Speaking at a national conference which opened here today, Yan Mingfu, head of the United Front Work Department of the Chinese Communist Party Central Committee, said: "The country's patriotic united front work has entered one of the best periods since the founding of the People's Republic in 1949."

He said, "Many party and government officials carrying out the work have not completely changed their ideas, work styles and working methods formed under the influence of the 'left' ideology."

"On the other hand, they have not adapted to the new situation which has emerged after the country adopted the policy of opening to the outside world and the concept of 'one country, two systems'," he added.

"This has seriously hampered the development of the partriotic united front work," he said.

Yan urged all united front work departments throughout the country to unite all the people that can be united, including communists and non-communists, Marxists and non-Marxists, religious believers and atheists, compatriots living on the mainland and compatriots abroad.

He also asked departments to actively carry out overseas public relations work. "They should be bold to seek common ground, while reserving the differences in social system, ideology and life style," he said.

DETAILED REGULATIONS FOR ID CARD ISSUED

OW271439 Beijing XINHUA in English 1216 GMT 17 Nov 86

[Text] Beijing, November 27 (XINHUA) -- Detailed regulations for the implementation of China's identification card system will go into effect tomorrow, according to the Ministry of Public Security.

Consisting of 46 articles in nine chapters, the detailed regulations provide provisions in explicit detail covering all aspects of application, issuance and management of the ID cards.

Chief of the Department of Public Order under the Public Security Ministry told XINHUA, "the detailed regulations were formulated on experiences in some big cities which issued ID cards on a trial basis during the past two years."

"ID cards have been issued to more than 40 million citizens since September of 1985 when the decision to introduce the ID card system was made at the 12th meeting of the Sixth National People's Congress Standing Committee," the official said.

The official described the cards as an important step in reforming the country's existing household registration system. "The ID cards can be used nationwide as a legal document of identification," the official said.

ANHUI'S LI GUIXIAN INSPECTS FRUIT PRODUCTION

OW261043 Hefei Anhui Provincial Service in Mandarin 1100 GMT 24 Nov 86

[Excerpts] According to our reporter Dong Guxiang, provincial party committee Secretary Li Guixian inspected fruit production in Dangshan and Xiaoxian Counties on 21 and 22 November in the company of responsible comrades concerned from the party committee and administrative office of Suxian Prefecture.

On 21 November Li Guixian came to the Dangshan Horticultural Farm, located on the old course of the Huang He, and (Jiatun) Village of (Chenji) Township, where he inspected state-owned, collective, and private orchards as well as their cold storage facilities and cellars for storing fruits. He said: Dangshan has favorable conditions for developing fruit production, and you should take advantage of these conditions. Anhui Province now produces 260 million jin of fruits annually. Your county alone produces 160 million jin, accounting for over one-half of the province's total. [passage omitted]

Li Guixian also inspected an old folks' home run by peasant Guo Chaofan at (Huaihai) District and a fur marketplace at (Qinglong) Town, both of Xiaoxian County. He praised highly the role played by these facilities.

FUJIAN RADIO STRESSES RURAL COMMODITY ECONOMY

OW260523 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 21 Nov 86

[Station commentator's article: "Set Forth New Ideas To Promote the Development of Commodity Economy"]

[Text] During the village-level party rectification being carried out extensively in Fujian's rural areas, we should not just solve the problem of a few cadres with party membership who seriously abuse their power to seek private interest and violate law and discipline. It is even more important for us to carry out the central task of developing a commodity economy and leading the masses to prosperity, and educate our party members to set forth new ideas, know the importance of commodities, play an exemplary vanguard role, and promote the progress of reform and economic development in the rural areas. This is not only in line with the demands set for rural party rectification by the Central Commission for Guiding Party Rectification, but also conforms with the aspirations for the vast number of party members and people in the countryside.

Getting forth new ideas is an urgent matter. In Fujian's rural areas now, the peasants, working on their own, are rapidly shifting their undertakings to commodity production. Under the new circumstances, if we fail to make rural party members and people change their thinking and ideas with the change of the economic base, we will inevitably impede the development of both a large-scale commodity economy and agricultural production in rural areas.

The experience of Chongan County in its village-level party rectification has given us useful enlightenment -- it is necessary to carry out education in the current situation and policies throughout the course of the party rectification, and strive to help rural party members abandon old ideas, set forth new ideas, know the importance of a commodity economy and play an exemplary vanguard role in the course of developing a commodity economy.

LIANG BUTING AT SHANGDONG GOLD SMELTERY OPENING

SK280400 Jinan Shandong Provincial Service in Mandarin 2300 GMT 27 Nov 86

[Text] China's first specialized gold smeltery was recently constructed and commissioned in Zhaoyuan County. On 26 November, Liang Buting, secretary of the provincial party committee, and Huang Yuheng, manager of the China Gold Company, as well as other leading comrades attended the ribbon-cutting ceremony for the opening of the smeltery.

Zhaoyuan County, known as a land of abundant gold, is China's important gold producing base whose gold output ranks first in the country. However, due to a lack of gold smelteries in the county, gold mining, dressing, and smelting have been disorganized. The dressed gold powder had to be transported to the remote northeast China for smelting, thus resulting in a waste of manpower and material resources. In order to change this situation, with the support of the Ministry of Metallurgical Industry and the China Gold Company, Zhaoyuan County invested some 22 million yuan last year in building this gold smeltery. The installation of facilities was completed by September of this year. After being put into production, this gold smeltery is capable of handling 75 tons of dressed gold powder daily. In addition, it can also produce a considerable amount of silver, bronze, lead, aluminium, sulphuric acid, and other by-products. The annual output value will reach some 57 million yuan and the profits will be some 5 million yuan.

SHANGHAI RESIDENTS QUEUE TO BUY BANK BONDS

OW261202 Beijing XINHUA in English 0903 GMT 26 Nov 86

[Text] Beijing, November 26 (XINHUA) -- Crowds estimated at about 1,000 lined at midnight and in the morning to buy bonds from the Shanghai branch of China's Construction Bank, today's "PEOPLE'S DAILY" reported.

Since November 20, 30,000 bonds worth nine million yuan were bought up by servicemen, retired workers, teachers, housewives, and the handicapped, of whom some came specially to Shanghai from other parts of China to buy the bonds.

They were attracted by a "PEOPLE'S DAILY" report about the bank's decision to sell bonds beginning as of November 20.

According to a bank official, the interest on the bonds will be 12 percent which is much higher than ordinary deposits the bank offers.

The bank offers the forward purchasing appointments for the bonds to raise money for a plant annually producing 300,000 tons of ethylene, a key project of the state.

Four days after they went on sale all the promise to purchase slips had been taken.

Most of the buyers plan to sink large amounts of their savings into the purchase. A professor, together with his wife, is going to buy bonds worth 40,000 yuan, the paper said.

"It is beneficial both to the state and individuals to issue the bonds," a buyer was quoted as saying.

BEIJING PEOPLE'S CONGRESS MEETING 13, 14 NOV

SK260541 Beijing BEIJING RIBAO in Chinese 15 Nov 86 p 1

[Text] The 32d Standing Committee meeting of the 8th municipal People's Congress was held on 13 and 13 November.

Chairman Zhao Pengfei presided over the meeting. Members at the meeting heard and discussed a report by Wei Xiangru, director of the municipal Reform-Through-Labor Work Administrative Bureau, delivered on behalf of the municipal government on Beijing's work of reform and reeducation through labor. The report states: Over the past few years, reformatories in the municipality have exercised strict administration, created a good order for reform, urged criminals and those subject to reform through labor to confess their crimes and abide by the law, and conducted political and ideological, labor, cultural, vocational, and technical education among them, thus achieving notable results. In their efforts to intensify cultural, vocational, and technical education, reformatories opened 195 literacy classes and classes at primary, junior, and senior middle school levels for 6,900 people. In addition, they sponsored various technical training programs joined by 2,599 people in line with the needs in production. From 1983 to 1985, reformatories resumed and developed their production one after another. During the 3 years, they created 250 million yuan in industrial and agricultural output value, and produced 130,000 tons of grain and soybeans, and a great amount of fruit, fish, shrimp, milk, and eggs, providing material conditions for reform.

During the discussions, members at the meeting expressed satisfaction with the work of reform and reeducation through labor. They called for efforts to do a good job not only in reform and reeducation through labor but also in preventing crimes. They urged all quarters of society to attach importance to the ideological education of youths, show concern for their growth, and in particular, intensify the education of the legal system among them.

The members also heard and discussed a report delivered by Wang Jun, director of the municipal Planning Commission, on behalf of the municipal government on the "Fulfillment of the Beijing Municipal 1986 Plan for National Economic and Social Development." During discussions, the members affirmed the municipal government's efforts to fulfill this plan. They also pointed out that the tasks for the next month or so remain very arduous, and therefore efforts should be stepped up to fulfill them.

The meeting approved personnel appointments and removals. Wang Tong [3076 4827] was appointed director of the Beijing Municipal State Security Bureau, and Min Buying [7036 2975 3467] was removed from the post of director of the Beijing Municipal State Security Bureau. Bo Xicheng [5631 3556 2052] was appointed director of the Beijing Municipal Tourism Bureau, and Song Wencheng [1345 2429 2052] was removed from the post of director of the Beijing Municipal Tourism Bureau.

Attending the meeting were Fan Jin, Ma Yaoji, Hou Jingru, Pu Jiexiu, She Diqing, Chen Mingshao, Zhang Dazhong, Li Guang, Xing Jun, and Xia Qinlin, vice chairman of the municipal People's Congress Standing Committee. Vice Mayors Zhang Baifa and Chen Haosu; Liu Yunfeng, president of the municipal Higher People's Court; He Fangba, chief procurator of the municipal People's Procuratorate; and responsible comrades of relevant departments of the municipal government, various district and county People's Congress Standing Committee attended as nonvoting delegates.

GU MU AT BEIJING ECONOMIC COOPERATION MEETING

OW280155 Beijing XINHUA Domestic Service in Chinese 1150 GMT 26 Nov 86

[By reporters Yan Zhenguo and Rong Ancai]

[Excerpt] Beijing, 26 Nov (XINHUA) -- Beijing Municipality will firmly implement the basic national policy of opening to the outside world, open the door of the municipality wide to the world, strive to create a climate suitable for foreign investment, and welcome people from abroad to cooperate with us.

Han Boping, vice mayor of Beijing Municipality, made these remarks at the first meeting on Beijing Municipality's economic and technological cooperation with foreign countries, which opened today. Attending the meeting were more than 400 commercial attaches, corporation representatives, entrepreneurs, and bankers from 20 countries and regions as well as responsible persons of our departments concerned, including Gu Mu, Rong Yiren, Wang Guangying, and Chen Xitong. The meeting put forward more than 200 subjects on industry, urban construction, agriculture, social service, science and technology, and foreign trade for discussion.

Since the implementation of the policy of opening to the outside world, Beijing Municipality has increasingly strengthened its relations with the international market and has economically cooperated with foreign countries in many ways. Now Beijing Municipality has established economic and trade contracts with more than 130 countries and regions. By June this year it had signed more than 130 contracts on importing technology from abroad, with a total value of U.S.$160 million. The amount of foreign investment attracted by Beijing Municipality is the largest of the amounts of foreign investment attracted by various major Chinese cities. Financiers and industrialists from 25 countries and regions have set up 117 enterprises with foreign investment or with Chinese-foreign investment, and their total investment is $2.05 billion. Beijing Municipality held this meeting to further promote its economic and technological cooperation with foreign countries, Hong Kong and Macao. [passage omitted]

BEIJING REGION PLA LEADERS GIVE PARTY LECTURES

OW260533 Beijing XINHUA Domestic Service in Chinese 0848 GMT 21 Nov 86

[By reporter Zhao Su]

[Text] Beijing, 21 Nov (XINHUA) -- PLA units at and below the regimental level in the Beijing Military Region have systematically educated grass-roots party members in basic party knowledge in the course of party rectification, thereby effectively enhancing the political awareness among the ranks of party members.

In accordance with the military region party committee's unified arrangements and demands, and refering to the outline of party lectures edited by the military region, all the units have given 10 lectures among grass-roots party members since last January. The 10 lectures are about fostering a lofty communist ideal, persisting in serving the people wholeheartedly, correctly assessing the excellent situation of reform and opening to the outside world, totally negating the "Cultural Revolution," playing an exemplary role in rectifying party style, upholding the party's democratic centralism, conscientiously observing an safeguarding party discipline, actively conducting criticism and self-criticism, intensifying ideological and political work, and building spiritual civilization.

The 10 special lectures have been completed by all units now. It is the consensus of the large number of party members that such a systematic study of basic party knowledge gives them the feeling of attending a party school.

In order to provide a better quality of party lectures, party member-leading cadres at all levels took the lead in giving lectures and assisting party members in their study. During party rectification, over 1,500 party member-leading cadres of the military region gave lectures to grass-roots party members. Military region Commander Qin Jiwei and Political Commissar Yang Baibing went down to the grass-roots level to conduct the lectures personally. Through attending the party lectures, grass-roots party members have deepened their understanding of the party's basic theories and policies and enhanced their party spirit and immunity from errors. A few party members of an Army group, under the influence of a "mercenary" mentality, originally requested that they be discharged and transferred to local civilian jobs. After undergoing education in the party's ideals and goals, they have enhanced their sense of responsibility and honor as party members and soldiers, and thus, voluntarily withdrawn the request to leave the Army. Following the example of party members, the 2,500 graduates of the Shijiazhuang Army School this year vied with each other to serve in the frontline or border areas to safeguard the country. The analysis of a survey conducted by a relevant department among nearly 1,000 party members of 47 grass-roots party branches indicates that the proportion of model party members has increased by 40 percent after attending the lectures on basic party knowledge.

MORE FOREIGN STUDENTS STUDY IN BEIJING

OW280215 Beijing XINHUA in English 0150 GMT 28 Nov 86

[Text] Beijing, November 28 (XINHUA) -- About one half of the 10,000 foreign students in China are studying in Beijing, an official of the Beijing Municipal Bureau of Higher Education said here today.

Of the students here, 2,000 are taking five-to-six year courses in 16 universities or colleges, and 3,000 are studying the Chinese language from several months up to one year in 20 universities or colleges.

The official said 70 percent of the foreign students here are from African, Arab and Asian countries, and they are mainly majoring in science and engineering.

More than half of the 102 foreign students at Qinghua, one of China's oldest universities, are from 20 African countries and almost all of the 67 foreign students at the Beijing Medical College are from Africa.

Also, the number of students from Austria, Britain, Canada, Denmark, Federal Germany, France, Japan, Sweden, Switzerland, the Soviet Union and the United States is increasing, according to the official.

Half of the 456 foreign students at Beijing University are taking refresher courses in Chinese literature, history, philosophy, economics, international politics and law, the official said. Their aim is to be experts on China and join the diplomatic service after returning home.

Students from the Soviet Union and the United States at Qinghua University are doing research into welding and artificial intelligence.

An official in charge of foreign students said foreign students here are attending courses, having dance parties and playing sports together with Chinese students. They are often invited to the homes of Chinese students and lecturers on holidays.

Foreign students may marry Chinese, said the official. But they must follow the Chinese rule that men and women can not live together without being married, and dallying with women's affections is forbidden. Anyone who violates the law will be punished.

Before 1979, there was not much fraternization between foreign students and their Chinese counterparts.

Now every university and college arranges visits for foreign students to scenic spots and tourist attractions during holidays. Foreign students can visit any place they wish so long as they do not miss their courses, the official noted.

SHANXI LEADER AT SCIENCE, TECHNOLOGY CONGRESS

HK280107 Taiyuan Shanxi Provincial Service in Mandarian 2300 GMT 27 Nov 86

[Excerpts] The third congress of the provincial Science and Technology Association opened in Taiyuan on 27 November, attended by over 800 delegates. (Zhang Yongwen), chairman of the association, declared the congress open. Comrade Li Ligong extended greetings on behalf of the provincial party committee and government. [passage omitted]

Li Ligong put forward the following demands on the comrades on the science and technology front and the science and technology association organizations at all levels: 1) Seriously implement the principle of having science and technology work to serve economic construction. 2) Seriously study and implement the central resolution on the guiding principles for building spiritual civilization, and struggle against ignorance, superstitions, and backwardness. 3) Create an excellent atmosphere of unity and democracy and strive to build the science and technology associations into true homes for science and technology workers.

Li Ligong also demanded that the party committees and government at all levels further embrace the ideological concept of respecting science, knowledge, and talent, seriously implement the party policies on science and technology, and stimulate continuous development of the productive forces in science and technology. [passage omitted]

Also present at the ceremony were leading comrades of the provincial party committee, Advisory Commission, People's Congress Standing Committee, government, CPPCC, and Military District including Wang Senhao, Lu Gongxun, Wu Dacai, Wang Maolin, Ruan Bosheng, and Feng Zhimao. [passage omitted]

ECONOMIC REFORM HELPS HEILONGJIANG DAIRY INDUSTRY

OW280257 Beijing XINHUA in English 0142 GMT 28 Nov 86

[Text] Harbin, November 27 (XINHUA) — Economic reform, implemented since 1979, has significantly increased annual dairy products manufactured in China's northernmost province of Heilongjiang, a local light industry official said today.

The country's leading dairy products producer expects a record output of more than 52,000 tons this year, five times that of 1979.

The proportion of Heilongjiang's products in the national total will jump from 25 percent in 1979 to 28 percent this year.

In the first 10 months of this year, the province produced 44,330 tons of dairy products, up 15 percent over the same period in 1985.

Over past years, provincial authorities encouraged collectives and individuals to join the state in raising cows, and as a result, numbers of dairy cows shot up from 64,000 in 1979 to 300,000 in 1985.

The reform has encouraged agricultural and animal husbandry sectors, counties, town and state farms to build milk processing plants in cooperation with light industry enterprises, and such plants have increased from 34 to 113, with daily fresh milk processing capacity going up from 300,000 to two million leters annually.

Yogurt and milk beverages were developed to raise the variety of dairy products from 16 to 40. Special high-quality milk powder makes up 96 percent of the dairy products manufactured.

Some of Heilongjiang's dairy products are exported to Romania and Singapore.

SUN WEIBEN MEETS WITH HEILONGJIANG ARTISTS

SK270410 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 26 Nov 86

[Text] (Liu Yamin) and (Li Weichang), two noted artists of the province, will leave for Hong Kong on 27 November to attend the opening ceremony of a Chinese painting exhibition of seven artists, including (Liu Yamin), (Guo Guangye) and (Li Weichang), to be held in Hong Kong. They will also carry out artistic exchange activities there.

Provincial leaders, including Sun Weiben, Hou Jie, Chen Lei, and Chen Yunlin, viewed the exhibits before they were sent to the exhibition in Hong Kong. They also held cordial talks with the artists and encouraged them to win honor for the province and to create more and better artistic works.

HEILONGJIANG'S SUN WEIBEN NAMED HONORARY DIRECTOR

SK230506 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 22 Nov 86

[Text] The Heilongjiang Provincial Senior Citizens' Calligraphic and Painting Research Society was established in Harbin on 22 November.

At the inaugural meeting of the society Sun Weiben, Chen Lei, Li Jianbai, and Shao Zhao were invited to serve as honorary directors of the society; and Zhang Lin was elected director of the society. Zhou Wenhua, deputy secretary of the provincial party committee, attended the inaugural meeting. On behalf of the provincial party committee, he called on the society to make contributions to building the province's spiritual civilization.

JILIN SECRETARY SPEAKS ON RENEWING CONCEPTS

SK260655 Changchun Jilin Provincial Service in Mandarin 2200 GMT 25 Nov 86

[Excerpts] In order to deeply study the resolution of the CPC Central Committee on the guiding principles for building socialist spiritual civilization, to strengthen the building of the two civilizations, to emancipate thinking, to renew concepts, to promote the development of the commodity economy, and to make Jilin prosperous, our province held a meeting to discuss ways to renew concepts at the (Dongya) Guesthouse in Changchun from 20 to 25 November.

The discussion meeting was held at the proposal of Comrade Gao Di, secretary of the provincial party committee, and was co-sponsored by the Propaganda Department of the provincial party committee and the provincial Spiritual Civilization Research Center.

Responsible comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, and the provincial government, the provincial CPPCC Committee, and the provincial Discipline Inspection Commission, attended the meeting. Also attending were responsible comrades of various commissions, offices, departments and bureaus. Responsible comrades of the relevant departments; and specialists and scholars from Beijing, Shanghai, Gansu, Liaoning, Heilongjiang, and our province, totalling more than 100 persons, were also invited to the meeting.

Comrade Wang Zhongyu, deputy secretary of the provincial party committee, presided over and addressed the opening of the meeting. During the past few days, many comrades gave incisive opinions and suggestions on the topic of renewing concepts. [passage omitted]

Comrade Gao Di, secretary of the provincial party committee, also gave a speech at the meeting on the morning of 25 November. He said: To renew our concepts, we must first clarify our understanding of the commodity economy. Our purpose in developing the commodity economy is to earn money. As long as one observes discipline and law and keeps his promise all the time, his business should be allowed. In developing the commodity economy, we must strengthen our awareness of it, and foster the concepts of the market, beneficial results, information, time, value, blazing new trails and making progress. While touching on his understanding of reform, Comrade Gao Di held that reform is aimed at developing the social productive forces. To judge whether a reform is correct, we must see whether it can promote the development of commodity production, invigorate the economy, and bring benefits to the state and the people. By no means should we interpret life by a rigid way of thinking or set standards for our actions according to a fixed pattern.

While touching on his understanding of competent personnel, Comrade Gao Di held that in carrying out the modernization drive, we must have personnel with modern knowledge. The party's leading cadres must be well qualified and capable of creating a new situation. Science and technology are our productive forces and competent personnel are our wealth. Therefore, we must pay attention to training and promoting scientific and technological cadres.

While touching on his understanding of Marxism, Comrade Gao Di pointed out: Specific problems must be analyzed. This is the soul of Marxism. Seeking truth from facts is the core of Marxism. Practice is the sole criteria for testing the truth. We should apply the Marxist stand, viewpoints, and methods to solve practical problems. If we do a good job in solving problems this way we will bring about improvements. We must [words indistinct], adhere to and develop Marxism in the course of practice, and deepen our understanding of it.

Comrade Gao Dezhan also gave a speech at the end of the discussion meeting. He held that the meeting was successful. He said: The provincial party committee and government should also analyze the province's situation in all fields and make arrangements for the work in the course of studying the resolution. He also called for further renewing concepts and heightening our spirit in order to accelerate economic development and to make Jilin prosperous.

JILIN ARTICLE ON ROLE OF CADRES IN THEIR 50'S

SK250808 Changchun Jilin Provincial Service in Mandarin 2200 GMT 24 Nov 86

[Text] JIGUAN SHENGHUO BAO [PAPER OF ORGAN'S ACTIVITIES], which was published today, gives front page prominence to a special commentator's article again on the role of cadres in their 50's.

The article states: In the process to replace old cadres with the new, a group of cadres in their 50's have left their leading posts and have begun to serve as inspectors, or to engage in investigations and study. They have a common desire -- to do something beneficial to the party continuously. At the section and unit levels alone, some 9,300 cadres in their 50's have stepped down over the past few years. If given full play to their role, these cadres will serve as good assistants to the existing leading bodies, making up for the deficiencies of young and middle-aged cadres who are not familiar with the situation and who lack experience.

We must fully arouse the work enthusiasm of these cadres so that they will make new contributions to building a powerful and prosperous new Jilin. This requires us to update to play their role. Some people hold that only when a cadre commits mistakes and is no longer suitable to assume a leading post can he step down. Such an idea should be changed. We should gradually foster throughout society the idea that an able and virtuous person can relinquish his post in favor of others who are also able and virtuous on their own accord. There is also a very small number of persons who surround these cadres and are absolutely obedient to them when they are still in leading posts, but treat them superciliously once they step down from leading posts. Such an abominable practice is very harmful.

The article points out: We should establish the good practice in society in which veteran comrades, and their experiences and contributions made through decades of hard work, are respected. We should make it a system and habit that cadres can be promoted and demoted, and can serve as officials and ordinary people as desired. This will help develop the role of cadres in their 50's, and the role of retired cadres, and will help foster good social conduct.

LIAONING RIBAO ON AGRICULTURAL PROBLEMS

SK260507 Shenyang LIAONING RIBAO in Chinese 11 Nov 86 p 1

[Commentator's article: "A Latent Agricultural Danger Not To Be Ignored"]

[Excerpts] "A latent danger exists in our province's agriculture." This argument was put forwawrd by some comrades recently. Some people agreed with this argument while some did not. They thought that this is only alarmist talk. Unifying the thinking on this problem and taking appropriate measures for solving it is a correct prerequisite for guiding the current rural work as well as a matter of urgent importance.

The situation in agricultural production is very good since the 3d Plenary Session of the 11th CPC Central Committee. The total grain output in 1985 reached 14.8 billion jin, setting a record in keeping balance between purchasing and marketing of grain. The peasants' livelihood has been improved in a step-by-step manner thanks to the development of commodity production in the rural areas. However, the situation and the statistics reflected and released by all fronts have indicated that problems that we must pay attention to really exist in our province's agricultural production, grain production in particular. Some peasants without high enthusiasm for engaging in agricultural production have made fewer investments in farmlands, have not engaged in extensive cultivation, and have adopted fewer scientific methods for growing crops. Thus, the conditions for agricultural production and the ecologic environment have deteriorated, and the disaster fighting capability has been reduced. Industries in service of agricultural production, such as farm tools and chemical fertilizer, are in a depressed state. The pace of agricultural modernzation slows down. Major indicators are that agricultural production is not steady and the province lacks sufficient reserve strength to promote agricultural production. The total grain output in 1985 showed a drop of 31.5 percent from that of 1984. All this indicates that the argument in which a latent danger exists in our province's agricultural production is not alarmist talk, but correctly accords with our province's actual conditions. So, we must never ignore this. Agriculture is the foundation of the national economy. If we fail to promote agricultural production, the development of the rural economy and the national economy as a whole will be affected.

We must analyze the above-mentioned danger and unhealthy trends hidden in agricultural production. For instance, the peasants in some areas have lost their enthusiasm for growing grain because they consider that they will gain more benefits from engaging in secondary and tertiary industries. Of course, it is a dangerous situation. In a certain sense, this is also a step forward in our history. This indicates that we have made results in readjusting the production structure and that the peasants have jumped into the vast sea of developing commodity economy by avoiding the narrow scope of engaging in a unitary way of operation. Grain production is no longer the only or the major way to seek their daily necessities. This situation is what we are striving to seek. There are many problems similar to this. In short, the danger hidden in agricultural production is a problem caused in the process of turning natural economy to commodity economy and in the course of replacing the old system by the new one. So it is a problem caused in the course of advance. Therefore, we must neither be panic-stricken nor lower our guard. But we should deeply conduct reform to solve the problems caused in the course of reform and continue to make progress. Never are we allowed to take the road back.

There are many reasons for causing such latent danger and unhealthy trends in agricultural production. Some problems are caused by factors related to the state policies while some problems really are agricultural problems. We should adopt various methods to solve these problems. We must pay attention to the following few tendencies: Some comrades hold that the only way to stabilize and develop agricultural production is to ask the state to make more investment in agricultural production and to raise the prices of agricultural products. This situation must be changed. [passage omitted]

In order to eliminate the danger hidden in agricultural production and to stabilize and develop agricultural production, the party committees and governments at all levels should continue to deeply and firmly foster the idea that agriculture is the foundation of the national economy, and to change the blind situation in which "we think of agriculture when we are hungry but forget it when we eat our fill." We must master the way to take into consideration the overall situation of the rural economy and eliminate lopsidedness in our ideologies and working methods so as to guide all trades to develop coordinatedly and promote each other. We should strive to build an agriculture which develops steadily and in a step-by-step manner so as to lay a solid foundation to enliven the rural commodity economy and to develop the national economy.

LIAONING'S QUAN SHUREN AT PHILOSOPHY CONFERENCE

SK280340 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 27 Nov 86

[Text] During the Seventh 5-Year Plan, research on philosophy and social sciences of our province will be carried out with more emphasis on integrating theory with practice. While continuing to intensify basic research, efforts will be focused on solving the practical problems in reform and construction, and summing up new experiences in practice. This is the prominent part of the just defined research tasks for philosophy and social sciences of our province for the Seventh 5-Year Plan.

The provincial conference on planning for philosophy and social sciences for the Seventh 5-Year Plan, which concluded on 27 November, included the 131 research tasks which were decided on after discussions in the provincial Seventh 5-Year Plan for philosophy and social sciences. They involve 10 fields of study, including philosophy, economics, literature, and history. Laying stress on the theoretical research on political structure, the comprehensive research on scientific, technological, economic, and social development, the research on the strategies for regional or departmental economic development, and the research on the strategies for culture development, the plan for philosophy and social sciences gave prominence to the characteristic of linking the practice of reform closely with that of construction when selecting the research tasks.

During the conference, the participating experts and scholars also discussed the situation, tasks, principles, and policies for the province's social science research. More than 140 philosophical and social science workers attended the conference. Quan Shuren, secretary of the provincial party committee, delivered an important speech.

GANSU'S LI ZIQI AT SCIENCE, TECHNOLOGY CONGRESS

HK250956 Lanzhou Gansu Provincial Service in Mandarin 100 GMT 24 Nov 86

[Excerpts] The Third Congress of the Gansu Provincial Science and Technology Association ceremoniously opened in Lanzhou this morning. Leading comrades of the party, government, and Army, including Li Ziqu, Huang Luobin, Liu Bing, Wang Bingxiang, Hou Zongbin, (Song Jingchun), (Wu Xian), Zhang Wule, Zhu Xuanren, and Li Xilin, attended the opening ceremony. (Zhang Hantao), vice chairman of the provincial Science and Technology Association, delivered the opening speech. Li Baoheng, secretary of the Secretariat of the China Association for Science and Technology, attended and extended warm greetings to the congress. (Wang Liansheng), deputy secretary of the party group of the Xinjiang Science and Technology Association, delivered a congratulatory speech to the congress on behalf of the science and technology associations of five provinces and regions, comprising Shaanxi, Qinghai, Ningxia, Xinjiang, and Xizang. Li Xilin, deputy political commissar of the Gansu Military District; and (Zhao Fengxia), vice chairman of the provincial Women's Federation, also delivered congratulatory speeches on behalf of the Gansu Military District, the provincial Federation of Trade Unions, the provincial Committee, the provincial Women's Federation, and the provincial Federation of Returned Overseas Chinese respectively.

Provincial party committee Secretary Li Ziqi spoke at the opening ceremony. On behalf of the provincial party committee and provincial government, he first extended warm greetings to the congress and gave his cordial regards to all delegates attending the congress and all scientists and science workers throughout the province. After talking about the new current situation of our province, Li Ziqi hoped that the comrades on the science and technology front would unswervingly implement the principle of gearing scientific and technological work to the needs economic construction, strengthen the study and popularization of applied science and technology, give full play to the important role of science and technology in the course of building spiritual civilization, and further create an excellent environment of respecting knowledge and qualified personnel.

Li Ziqi said: Regarding the target of struggle for economic construction of our Gansu in the near future, we must adhere to the principle that it is necessary to rely on scientific and technological progress to get rid of poverty and to get rich and that scientific and technological work must serve the aim of getting rid of poverty and getting rich. Li Ziqi hoped that through the achievement in their work, science and technology commissions and science and technology associations at all levels and all science and technology personnel would apply the spirit and knowledge of science to remove worries and backwardness.

In his speech, he also demanded that science and technology personnel must go deep into rural areas to carry out the Spark Plan, large-scale technological exploitation, and the activities of helping the poor with scientific and technological service in order to make the flames of relying on scientific and technological progress to get rid of poverty and to get rich spread far and wide. At the opening ceremony, Zhu Xuanren, chairman of the provincial Science and Technology Association, gave a work report. Attending this congress are 499 delegates and 46 specially invited delegates. [passage omitted] During the congress, the delegates will examine and discuss the work report, revise the regulations of the Gansu Provincial Science and Technology Association, and elect a new committee of the provincial Science and Technology Association.

RIGHTS GROUP CHIEF ASKS FOR AID TO PRC DIPLOMAT

OW270459 Taipei CNA in English 0336 GMT 27 Nov 86

[Text] Bonn, Nov. 26 (CNA) -- Hang Lih-wu, chairman of the Chinese Association of Human Rights, has asked the Frankfurt Human Rights Association to help two officials of the Peiping Embassy in Bonn to gain political asylum in West Germany.

The two officials, Tu Ping-ju, first secretary of the embassy, and his wife Chu Mei-lan, the third secretary of the commercial section of the embassy, Monday asked for political asylum in Bonn.

Their applications, after being accepted Monday, are being processed by German authorities concerned. It would take several months to complete the whole procedure.

Thomas Weyrauch Wei Tang Shih [name as received] responsible official of the association, told CNA Wednesday that he would do his best to help Tu and his wife.

The West German Foreign Ministry admitted that the two have asked for political asylum but it would not give further information about them.

Whereabouts of Tu, 52, and his wife, 50, remained unknown since Monday afternoon. But newsmen here believed that they are still in Bonn area under police protection.

Tu and his wife have decided to seek political asylum because they said they could not live under the communist system in Mainland China, newspapers here reported.

KMT OFFICIAL CRITICIZES OPPOSITION CRITICS

OW260335 Taipei CNA in English 0237 GMT 26 Nov 86

[Text] Taipei, Nov. 25 (CNA) -- A few oppositionists who endeavor hard to attack everything the Government has done come from the real privileged classes in the nation, Tsao Chung-hsiung, vice director of the Organization Department affairs of the ruling Kuomintang's Central Committee.

Speaking at a monthly meeting of the Kuomintang representatives from industrial, business and mining sectors, Tsai urged the public not to be mislead by these oppositionists' unreasonable arguments and behavior especially during the election campaign period, which runs from Nov. 21 through Dec. 5.

These people never mention the official name of the nation or carry national flags in their campaign activities. Since they do not respect the nation today, Tsai asked how they could respect the public once they were elected.

Tsai said the most peculiar thing is that these people laid the blame for whatever happened to them on the ruling party even if it was a car accident or feeling uncomfortable.

These people based their so-called reform movement upon hatred, Tsai said, adding "it is absolutely wrong." The success story of the Republic of China on Taiwan has been widely admired by the international community and its precious experiences have drawn a blueprint for the future China. "Presently, only peacefulness and unity is in the interest of everybody in the nation," Tsai stressed.

HONG KONG

PRESS RELEASE ON HONG KONG ID CERTIFICATES

OW280844 Beijing XINHUA in English 0834 GMT 28 Nov 86

[Text] Beijing, November 28 (XINHUA) -- A press release on the exchange of memoranda between the Chinese and British governments relating to the use of Hong Kong certificates of identity was distributed by the Chinese Foreign Ministry here today.

It says the Chinese and British governments exchaned memoranda here yesterday to confirm the arrangements for the continued use of Hong Kong certificates of identity after 30 June 1997. This agreement was reached in London in July this year at the fourth meeting of the Joint Liaison Group.

Under the memoranda, China will allow certificates of identiy to continue to be used after 30 June 1997 until their due expiry dates.

The central people's government shall authorise the Hong Kong Special Administrative Region government to issue, on or after 1 July 1997, in accordance with the law, passports of the Hong Kong Special Administrative Region of China to all Chinese nationals who hold permanent identity cards of the Hong Kong Special Administrative Region, and travel documents of the Hong Kong Special Administrative Region of China to all other persons lawfully residing in the Hong Kong Special Administrative Region.

POST EDITORIAL ON U.S. FOREIGN POLICY, 'MALAISE'

HK280356 Hong Kong SOUTH CHINA MORNING POST in English 28 Nov 86 p 14

[Editorial: "Grim Thanksgiving for American People]

[Text] The American people have few reasons for rejoicing this Thanksgiving weekend. Their president has been exposed as a man who is not in charge of his administration yet contemptuous of the concerns of Congress. The malaise runs deep: Their country's foreign policy given over to bunglers from the secretive National Security Council; the cabinet divided; the Pentagon complaining; allies misled; the White House concerned now only with damage control.

The credibility of President Reagan's foreign policy has diminished over the years. From the invasion of Grenada to the Lebanese tragedy, from his visit to Nazi war graves to his vacillations over South Africa, from disinformation over Libya to the Iceland summit, foreign policy under his leadership has been increasingly erratic.

Mr Reagan now faces a crisis over a secret, possibly illegal operation run under executive privilege. The details now unravelling reveal a shabby venture that should never have taken place. He agreed to sell arms to Iran -- the nation which took an entire American Embassy hostage -- in the hope of fostering relations with a government of fundamentalist fanatics so as to free Americans held captive in Lebanon. Profits from this arms deal were then secretly directed via the CIA and a Swiss bank account to the rightwing rebel Contras in Nicaragua at a time when Congress had banned direct U.S. military aid to them. [paragraph continues]

This strange operation was run by a Lieutenant-Colonel Oliver North with the help of Israeli middlemen (who say they were only following orders) and a shadowy Saudi Arabian arms dealer. More faith was placed in this unlikely crew than in his senior foreign affairs official, Secretary of State Mr George Shultz.

The implications for American's relations with the rest of the world are wide. It compromises America's publicly stated position of not favouring either side and of doing all it can to bring about an early end to the Iran-Iraq conflict. Other Arab nations are incensed that Mr Reagan should be helping Iran, which is seen as a destabilising influence in the region; and are doubly annoyed that the U.S. used Israel as its middleman to the Iranians. For those nations looking to the U.S. for leadership in the fight against terrorism, the arms sale is evidence of duplicity. France, Italy and Greece are already suspected of weakening the West's resolve not to submit to terrorist blackmail. Who now can blame them when the loudest proponent of the Rambo stand has been caught at the same game?

The crisis reveals that yet again an American president has been able to conduct foreign policy without congressional scrutiny, with damaging results. Worse, the secrecy surrounding the covert operation with Iran allowed a field-grade officer like Colonel North to operate unchecked and make his own foreign policy. What has happened to the checks and balances designed to prevent this?

Foreign policy is no place for amateurs, but President Reagan appears to have encouraged them. Some ambassadorships were given to loyal or generous party supporters. The professionals in the State Department were dismissed as interfering nitpickers; trust was instead placed in such unlikely people as Admiral Poindexter and Colonel North. Even the Chiefs of Staff were left in the dark. Diplomacy was left to incompetents.

The Iranian arms disaster highlights clearly that foreign policy must be under the firm control of the President and his Secretary of State, and subject to congressional scrutiny. America's role as the leader of the free world is too important for its foreign affairs to be handled by rogue troubleshooters like Colonel North.

What of the next two years? We can expect to see the inquires into this affair drag on for some considerable time and one should not be too surprised if some very odd things come crawling out of the White House woodwork. The new Democrat-controlled Congress is certain to give Mr Reagan a tough time over all of this.

With all this said, however, there is one reason Americans can offer thanks as they sit down to their traditional meal: The system which put Mr Reagan in to the White House in the first place is the same system which cherishes a free press, and it is that free press which has yet forced a president to face up to the risks he runs when he chooses to abuse the privileges conferred on him by the ballot box.

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LIAOWANG ARTICLE VIEWS U.S.-SOVIET ARMS TALKS

HK281428 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 47, 24 Nov 86 pp 31-32

["Special Dispatch from Geneva" by Ren Zhengde (0117 2973 1795): "The Core of the Three U.S.-Soviet Talks"]

[Text] Recently, the United States and the Soviet Union held three arms talks in Geneva: 1) The sixth round of talks on arms control; 2) the third round of talks on prohibition of nuclear tests; and 3) the talks on disputes over the treaty restricting strategic weapons. The topics for discussion at the three talks were different, but they were all directly or indirectly aimed at a core, that is, whether to reserve or to abandon the U.S. "Star Wars" project.

The talks on arms control were carried out by three groups, respectively responsible for discussing the matters concerning medium-range weapons, strategic weapons, and space weapons. They all directly talked about the "Star Wars" project. Throught bargaining over the past few months since the fifth round of talks started in July, both sides have generally agreed to destroy all the medium-range nuclear weapons in Europe. The Soviet Union can retain 100 medium-range missiles in Asia and the United States can have the same number of medium-range weapons on its own territory. On the question of strategic nuclear weapons, both sides agreed that 50 percent of such weapons shall be destroyed within the next 5 years and, by that time, each side will retain 6,000 warheads and 1,600 launchers. In the next 10 years, all the offensive strategic weapons shall be destroyed. Both sides also promised not to withdraw from the 1972 treaty on restricting antiballistic missiles.

Despite the many differences between both sides during the talks, if they can really reach agreement on these points, we could say that this would be significant progress on the matter of disarmament. Unfortunately, all these common points are really only castles in the air, because a prerequisite for all this is to stop carrying out the "Star Wars' project. But there are great differences on this question between both sides and no unanimity has ever been reached.

As to the talks on prohibition of nuclear tests, both sides held two rounds of talks in July and September. The Soviet Union proposed an "immediate and overall" prohibition of all nuclear tests, but the United States emphasized that it is still not the time to talk about overall prohibition because it "does not conform to the interests of the United States and its allies."

The attitudes of both the United States and th Soviet Union have always been changing in accordance with their needs in developing their own nuclear weapons while restricting the other side. The possibility cannot be ruled out that under certain conditions both sides may reach a compromise on restricting the number and equivalent of nuclear tests when they feel no harm to themselves. However, it is very difficult for them to reach a substantial agreement on "overall and thorough prohibition" of nuclear tests. This is because that both sides have linked, though in different forms, the prohibition of nuclear tests with the reduction of nuclear weapons, making the problem more and more complicated. The Soviet Union has said that overall prohibition is an "organic part" of its "package proposal." But the United States emphasizes that ceasing nuclear tests should be carried out "simultaneously" with reducing the number of offensive nuclear weapons. On the other hand, behind the disputes over the nuclear test issue, there are entirely different intentions of both sides on the question of the "Star Wars" project. Apart from improving and developing the nuclear weapons, the main reason why the United States should stick to its stand of continuing nuclear tests is that it wants to try out its laser weapons necessary for the "Star Wars" project. But the purpose of the Soviet Union in opposing the U.S. nuclear tests is none other than destroying or postponing this project.

The U.S.-Soviet talks on the disputes over the 1979 treaty on restricting strategic weapons was held in the form of establishing a consultative committee by both sides. No substantial results were achieved by their talks respectively held in July and November this year.

The disputes between the United States and the Soviet Union stemmed from June this year when Reagan announced that the United States would no longer be bound by this treaty beginning the end of the year by reason that the Soviet Union "has repeatedly violated the treaty." Soon after that, the Soviet Union also condemned the United States for "repeatedly and rudely violating the treaty," saying that it would "adopt effective countermeasures" against the United States. As a matter of fact, this treaty has never been endorsed and observed by either of the two sides. Since its signing, the nuclear warheads and carriers of both sides have been greatly developed both in number and in quality. In reality, this treaty only exists in name. But why should the United States announce in such a serious manner that it prepares to abolish the treaty, and why should the Soviet Union strongly oppose it? There are some hidden motives on both sides. When they argue about whether this treaty should continue to exist or should be abolished, both sides are actually fixing their eyes on the 1972 treaty on antiballistic missiles, because the latter has a direct bearing on the carrying out of the "Star Wars" project.

It is not difficult for us to see that the core of the three talks between the United States and the Soviet Union is the "Star Wars" project. For the United States, reserving the "Star Wars" project will make it able to develop science and technology and enhance its economic strength while developing a new generation of weaponry systems capable of carrying out both offense and defense and able to restrain the Soviet Union and force it to submit at the talks. But for the Soviet Union, destroying this project will enable it to maintain its leading position in certain fields concerning nuclear weapons and prevent the United States from gaining the upper hand. Moreover, the arms race in outer space, which needs more money and manpower, may also be prevented.

The progress of the above three talks directly affects U.S.-Soviet relations. The summit meeting held in Iceland met with troubles due to the "Star Wars" problem, and the Vienna meeting of the two foreign ministers following the summit meeting was also replaced by the revilement between them. After that, U.S.-Soviet relations cooled down immediately. But none of them wishes to see the talks break down. Therefore, for a period to come, U.S.-Soviet relations will continue to be cold but not frozen, and the situation of confrontation and dialogue will also be continued.

PRC HOSTS FORUM ON INTERNATIONAL PEACE YEAR

OW252110 Beijing XINHUA in English 1521 GMT 25 Nov 86

[Excerpts] Beijing, November 25 (XINHUA) -- Today people from all walks of life expressed the hope that justice will conquer evil and peace will replace war. This aspiration was voiced at a forum on the International Year of Peace sponsored by the Chinese People's Association for Peace and Disarmament. [passage omitted]

"The superpowers' arms race and the resulting occurrence of regional clashes are seriously threatening world peace," said Zhu Chun from the Beijing Institute for International Strategic Studies. "Though the U.S.-Soviet summit meeting in Iceland failed to reach any agreement," he said, "the two sides hold similar views on strategic nuclear weapons disarmament." He said: "People all over the world hope that the United States and the Soviet Union will seriously continue their talks on arms control and reach agreement on disarmament beneficial to the maintenance of world peace and stability." [passage omitted]

PRC CONTINUES REPORTAGE ON U.S. ARMS DEAL

XINHUA Cites Reagan Comments

OW010732 Beijing XINHUA in English 0722 GMT 1 Dec 86

[Text] Washington, November 30 (XINHUA) -- U.S. President Ronald Reagan has again defended his administration's secret operation in Iran, saying what was done is "right."

"I think we took the only action we could have in Iran," Reagan said in an interview in the current issue of TIME magazine released today.

"I am not going to disavow it. I do not think it was a mistake," he added.

Reagan has plunged into the worst crisis of his six years in office following the disclosure of the secret U.S. arms shipments to Iran and the transfer of up to 30 million U.S. dollars from Iran to Nicaraguan anti-government contra rebels.

Saying "there is a bitter bile in my throat these days," Reagan claimed: "As the truth comes out, people will see what we were trying to do was right."

The U.S.-Iran-contra arms deal has received sharp criticism both at home and abroad. Many U.S. lawmakers are demanding a thorough investigation of the deal in light of possible administration violations of congressional restrictions and laws.

"The frenzy in the Congress is not unusual for them. This will not paralyze the government," Reagan said in the interview, as the Senate leaders of both parties called for an independent Senate investigation.

"It will make it more difficult for me, but I still would have risked it," he added.

Reagan criticized the role of the press in reporting on the arms sales, saying the press must "take responsibility for what they have done."

Referring to the Iranian conduct in the secret American approach to Iran, Reagan said: "If they were really sincere, then they could show us by getting the hostages released."

Reagan also called Colonel Oliver North, the recently-fired National Security Council official central to the deal, "a national hero."

"My only criticism is that I wasn't told everything," he added.

Vice President George Bush, in a separate interview with TIME, defended Reagan by saying: "The President is telling the full and total truth."

Bush also denied any part in the covert funding of the contras with profits from the Iran arms deal.

GUANGMING RIBAO on Consequences

HK300812 Beijing GUANGMING RIBAO in Chinese 21 Nov 86 p 4

["International Commentary" by Wang Deming (3769 1795 6900), resident staff correspondent in Washington: "A Political and Diplomatic Storm -- On the U.S.-Iranian Secret Arms Deal"]

[Text] Washington, 18 November -- In his 13 November national television address, U.S. President Ronald Reagan openly admitted that as early as 18 months ago, the United States made secret diplomatic contacts with Iran and provided the latter with "small amounts of defensive weapons." Prior to this, U.S. newspapers had carried a lot of reports on the case and made various speculations about the differences of opinion in the inner circles of the U.S. Administration. This evoked great repercussions both inside and outside the United States.

According to newspapers here, in September of last year and July and October of this year, the United States sent four shipments of weapons and equipment to Iran through Israel, which was acting as middleman, in exchange for the release of three hostages held in Lebanon. In his televised address, Reagan repeatedly stressed that the purpose of this U.S. "secret diplomatic initiative" was to resume relations with Iran, to end the 6-year Iran-Iraq war with dignity, to eliminate the Middle East's terrorist activities, and to procure the safe release of American hostages held in Lebanon. He tried to explain himself, saying that it was "completely wrong" to see arms shipments to Iran as a mere ransom for hostages and a violation of the U.S. antiterrorism policy.

Diplomats here widely hold that "exchanging arms for hostages" is one of Reagan's current objectives because he was under the heavy pressure of American public opinion. However, what is more eye-catching is that the current diplomatic move reflected a new trend of U.S. readiness to intensify contention with the Soviet Union in the Middle East. This view has been proved by Reagan's 13 November address. Reagan said in explicit terms that in view of Iran's strategic position, the importance of its oil resources to the world economy, and its influence on the Islamic world, it is necessary for the United States to improve relations with Iran "out of its national interests." In commenting on the case, BEI MEI RIBAO [NORTH AMERICAN DAILY], an American Chinese-language newspaper, said: "Demanding the return of hostages is a short-term tactical objective. From a long-term strategic point of view, the United States hopes to influence the orientation of the development of the Iranian situation by making contacts with Iran, which has an important strategic standing." A certain newspaper pointed out: "U.S. strategic interests obviously lie in preventing Iran from sliding into the sphere of Soviet influence."

Reagan authorized high National Security Council officials to conduct U.S.-Iranian contacts in the strictest secrecy. The Congress and the chairman of the joint chiefs of staff were ignorant of the activity, and even the Department of State and Defense were neglected in this regard. It has been reported that earlier this year, when Secretary of State Geroge Shultz and Defense Secretary Caspar Weinberger heard of the activity, they adopted a negative attitude toward it. However, from then on they were kept in the dark. Ridiculously, when these two high government officials carried out activities in Europe not long ago, they still took great pains in declaring that the United States would not "compromise with terrorists" for the release of hostages, and they urged other countries not to supply arms to Iran. No wonder THE NEW YORK TIMES said: This case serves as "a test of Reagan's reputation", and THE CHRISTIAN SCIENCE MONITOR said, "this hypocritical policy has done damage to the U.S. reputation." [paragraph continues]

THE WASHINGTON POST noted that this case has caused U.S. allies and moderate Arab nations "to feel puzzled about the disagreement between U.S. statements and actions."

The case has brought the contradictions between the White House on the one hand, and the Congress and State Department on the other out into the open. Senate Minority Leader Robert Byrd criticized the case as a "major mistake in foreign policy." Democratic congressmen have demanded investigations of the case. When asked repeatedly by a reporter of the Columbia Broadcasting System on 17 November if the United States would continue to supply arms to Iran in the future, Shultz replied: "As far as I am concerned, my definite answer is no." When asked if he had been authorized to speak for the administration, he replied, "No." This statement of Shultz's position once again created a furor in the local press community. THE WASHINGTON POST said that Shultz's remarks "raise the question of whether or not he really is in charge of matters pertaining to U.S. foreign policy, or in name only." The commentary published by THE NEW YORK TIMES on 18 November, under the title "All Eyes Fixed on Shultz," noted that "word that Shultz is to resign has become widespread." Differences of opinion between the White House and former Secretaries of State Cyrus Vance and Alexander Haig led to their resignations. If Shultz resigns, "it must be high time to readjust the right to manage foreign affairs."

After Shultz made such remarks to reporters, on 17 November Reagan told reporters that he had "aboslutely no" plans to provide any more arms to Iran. He said, "I am not prepared to dismiss anyone." Local observers said that although Reagan was taking a conciliatory stance, the political tumult sparked by the Iranian question has not yet subsided. Some major American newspapers listed a series of flaws in the U.S Administration's handling of U.S.-Soviet relations and the issues of Nicaragua, South Africa, and the Middle East and said that all these had damaged "Reagan's reputation" and "would bring great troubles to Reagan in his last 2 years in office.

Superpower Limitations Viewed

HK300217 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 30 Nov 86 p 6

["Talk on Events" by Sai Bei (1049 0554): "The Limitations of a Superpower"]

[Text] The weapons secretly sold by the United States to Iran in exchange for hostages and the money granted to the antigovernment armed forces in Nicaragua has evoked strong repercussions in the United States as well as all over the world. This indicates that President Reagan will find it hard to get along during the last 2 years of his term of office.

The Congress, which is now under control by the Democratic Party, has called for an investigation of the matter. We still have to wait and see how events develop. Although the current situation mainly involves foreign affairs, there are some people in the United States who merely regard it as a domestic "Watergate" event, which shows that it is a very rare phenomenon in the political life of the United States. This writer has noted that the current situation reveals the limitations of the United Staes as a superpower in carrying out its foreign policies.

The situation would have been entirely different prior to World War II, when big power politics and gunboat policy ran wild. It was then as easy as falling off a log for a big nation to do such a thing. However, the international political situation has undergone profound changes since the war. [paragraph continues]

At present, although the United States is a superpower, like any superpower or big nation, it is incapable of implementing or realizing the intention and goal of its foreign policy. The limitations come both from within the country, that is, the extent of the people's tolerance and forbearance toward the government's military activities or unjust acts abroad, and from overseas, that is, worldwide reaction or confrontation as a result of any open act. These are the two factors which limit the government of a superpower and compel it to adopt certain unorthodox acts to seek a way out while attaining its goal. This writer believes that the contradiction between the subjective global strategy of a superpower and the objective limitations in proceeding with the strategy is the fundamental cause behind the U.S. Government's embarrassment in the current situation. Probably it is also the reason why another superpower cannot extricate itself from the quagmire elsewhere in the world.

People's understanding usually lags behind reality. The superpowers have come to realize that they are not omnipotent and that their powers are limited. Nevertheless, they will have to undergo a painstaking experience to make such an understanding the guide to their conduct.

XINHUA NOTES U.S. BREAK OF SALT II PROVISIONS

OW290232 Beijing XINHUA in English 0220 GMT 29 Nov 86

[Text] Washington, November 28 (XINHUA) -- The United States today formally broke the U.S.-Soviet SALT II Strategic Arms Limitation Treaty by deploying its 131st B-52 bomber equipped with nuclear-tipped Cruise missiles.

The Defense Department reported that the big, eight-engined jet flew to Carswell Air Force Base outside Forth Worth, Texas, from Kelly Air Force Base at San Antonio, where it had been converted to carry Cruise missiles.

The service of this bomber means that for the first time in seven years, the United States has gone beyond the limits of the SALT II treaty signed by the late Soviet leader Leonid Brezhnev and former U.S. President Jimmy Carter.

The treaty, which allows the United States to have 1,320 strategic missile launchers, including 130 Cruise-missile-carrying bombers, was never ratified by the U.S. Congress, but adhered informally by the U.S. Government.

The final decision to scrap the treaty was made by President Ronald Reagan at a meeting with his top national security advisers on Tuesday to counter the alleged "Soviet threat" and Soviet violations of the SALT II treaty.

The decision has drawn sharp criticism from leading Democratic lawmakers, including Les Aspin, chairman of the House Arms Services Committee, and Sam Nunn, would-be chairman of the Senate Arms Services Committee.

Aspin told the "CBS Morning News" today that to violate the SALT II treaty was "a very bad decision", in the sense that, without SALT limits, the Soviet Union could add warheads to their large missiles faster than American production lines can.

He said that because of the breakout decision, the Reagan administration's arms control policies will be "in very deep trouble" in the coming 100th Congress.

Nunn also predicted that the decision will make it much harder "to reach a bipartisan consensus on strategic weapons and arms control here at home."

In Moscow, the Soviet Foreign Ministry warned that "the refusal of the U.S. Administration to abide by the SALT II treaty will inevitably influence most negatively" the Geneva arms control negotiations.

The ministry spokesman said the Soviet Union is now contemplating what response it will take to the U.S. move.

U.S. Allies Criticize Violation

OW010756 Beijing XINHUA in English 0750 GMT 1 Dec 86

[Text] Bonn, November 30 (XINHUA) -- The U.S. violation of its Strategic Arms Limitation Treaty (SALT-II) with the Soviet Union has drawn a chorus of criticism from European allies.

According to the U.S. Pentagon, on November 28 the United States put into service the 131st B-52 heavy bomber equipped with Cruise missiles, thus surpassing the ceiling of 1,320 Cruise-carrying bombers and multiple-warhead missiles set out in the 1979 SALT-II treaty.

SALT-II was signed in Vienna by the late Soviet leader Leonid Brezhnev and former U.S. President Jimmy Carter. Both sides agreed to abide by it, even after it formally expired last December.

French President Francois Mitterrand said that it would be "wise and very useful" to keep the treaty at a time when the two superpowers are engaged in disarmament talks.

British, Federal German and Italian officials urged the United States and the Soviet Union to continue observing the treaty.

Greek Prime Minister Andreas Papandreou expressed his "enormous concern" about the possible "terrible results" of the U.S. move.

U.S. President Ronald Reagan said last May he would breach SALT-II because of what he called numerous violations of the treaty by the Soviet Union, including the development of new missiles and the scrambling of radio signals from missile tests.

U.S. European allies tried in vain to persuade Reagan to cancel his plan.

Observers here said the American move will harm U.S. relations with European allies and damage the West's credibility concerning its role in disarmament.

XINHUA CITES TASS ON U.S. MISSILE DEPLOYMENT

OW282225 Beijing XINHUA in English 1914 GMT 28 Nov 86

["TASS Raps Deployment of New U.S. Missile in South Korea" -- XINHUA headline]

[Text] Moscow, November 28 (XINHUA) -- The official Soviet news agency TASS today said Washington should bear full responsibility for the consequences of deploying "Lance" missiles in South Korea.

On November 14, the U.S. Defense Department and the U.S. Eighth Army Command in South Korea announced that a battery of "Lance" missiles would be deployed in the U.S. Second Division District near the military demarcation line in a few months.

The deployment of "Lance" theater missiles in South Korea has further increased international tension and was a provocative act to the demand for a halt to the nuclear arms race, TASS said in a statement. The statement said in the past the United States deployed hundreds of nuclear munitions and numerous delivery systems in South Korea.

The "Lance" missile is said to be a new, land-based weapon capable of launching neutron and other nuclear warheads and chemical weapons.

The U.S. action runs contrary to Washington's pledge to help solve regional conflicts and constitutes a new obstacle to Korean people's efforts to peacefully reunify their country, the TASS statement said.

SOVIET NEGOTIATOR BLAMES U.S. FOR 'NO PROGRESS'

OW272102 Beijing XINHUA in English 1255 GMT 27 Nov 86

[Text] Geneva, November 26 (XINHUA) -- A senior Soviet official today said "no progress has been made" at the third round of Soviet-U.S. talks on nuclear testing and he blamed the impasse on the U.S. side.

Andranik Petrosyans, chief of the Soviet delegation, said at a press conference that Washington was still clinging to its old position during the talks held here between November 13 and 25.

Since the two sides began their first round of negotiations on nuclear testing in July, the United States has insisted on strict means of verification as a precondition to any agreement on limiting or banning nuclear tests.

A White House spokesman said recently that the United States will start checking nuclear tests by ratifying the 1973 "threshold" agreement, as soon as better means of verification are found. The threshold agreement limits underground tests to 150 kilotons.

The spokesman also said the ban on nuclear tests should be linked with a reduction in nuclear arms.

The Soviet Union has observed a temporary unilateral ban on its nuclear testing for already more than one year, and has demanded the United States to follow suit and called for a universal ban on nuclear tests.

Petrosyants said the Soviet side will continue its efforts to find a "mutually acceptable solution" but he refused to say whether the Soviet Union will prolong its unilateral moratorium on nuclear testing when it expires on January 1.

The Soviet delegate also said that the U.S. side should come to the fourth round of the talks with "positive proposals" on nuclear testing issues. Washington has proposed that the next round of talks be held in January.

SOVIET OFFICIAL CITED ON DISARMAMENT PROGRESS

OW271008 Beijing XINHUA in English 0701 GMT 27 Nov 86

["Soviets Say Progress in Disarmament Talks Depends on U.S." -- XINHUA headline]

[Text] Moscow, November 26 (XINHUA) -- Soviet Armed Forces Chief of Staff Marshall Sergey Akhromeyev warns that no progress will be made in U.S.-Soviet disarmament negotiations if the United States sticks to its present policy.

In an interview with the West German magazine STERN, Akhromeyev said progress is unlikely if the United States continues with its Strategic Defense Initiative (SDI), and refused to respond actively to Soviet initiatives on disarmament.

When asked whether the Soviet Union will change its attitude toward SDI, Akhromeyev said that when the Soviet Union made concessions on strategic weapons and medium-range missiles, the United States should have responded with concessions on SDI.

SDI will destablize the world situation, therefore it's impossible for the Soviet Union to change its attitude towards it, he said.

While saying that the Soviet proposals put forward in Reykjavik made it possible to drastically reduce the nuclear arms, the marshal accused Washington of offering nothing in reply.

He dismissed the suggestion that Moscow is sticking to a "all-or-nothing" principle by linking any disarmament progress to agreement with Washington on SDI and said that "our program for the abolition of nuclear weapons consists of three stages and envisions a gradual, step by step solution of the nuclear problem." The marshal also hinted that when the unilateral Soviet moratorium on nuclear tests ends on January 1, 1987, the Soviet Union will not continue the ban unless the United States implements a moratorium of its own.

"Every one of our disarmament measures has its limits, including the moratorium," he said.

"Our moratorium became a touchstone to test the sincerity of both sides on disarmament," Akhromeyev said. He said that if the United States violates the SALT II treaty, the Soviet Union has the right to be bound by the treaty.

POLAND'S GORYWODA CONTINUES VISIT TO PRC

Meets Hu Qili

OW281841 Beijing XINHUA in English 1434 GMT 28 Nov 86

[Text] Beijing, November 28 (XINHUA) -- Hu Qili, member of the Political Bureau and the Secretariat of the Chinese Communist Party Central Committee, met Manfred Gorywoda, vice-chairman of the Council of Ministers and chairman of the State Planning Commission of Poland, here today. Hu said the latter's visit to China indicates that bilateral party and state relations as well as economic, scientific and technological cooperation between the two countries have grown further.

China has learned a lot from Poland's experience in building socialism, he said, adding that China also pays attention to the experience of reforms in other [words indistinct] countries.

Gorywoda said his visit aims at seeking increased economic cooperation between the two countries and described his talks with Chinese leaders as "useful, sincere and friendly." He said both Polish and Chinese parties regard economic reform as a major task. The two countries have a similar orientation in their reforms and are faced with similar problems, he added.

He also spoke highly of China's achievements in economic reform.

While in China, Gorywoda and his party toured Beijing, Guangzhou, Shenzhen and Shanghai. They are leaving for home Saturday.

Accords Signed

LD290749 Warsaw PAP in English 2220 GMT 28 Nov 86

[Text] Beijing, Nov 28 -- Poland's chief government planner, Deputy Prime Minister Manfred Gorywoda, is continuing a visit to People's China as the head of a delegation of the Government Planning Commission.

Gorywoda met today with member of the Political Bureau and CC Secretary of the Chinese Communist Party Hu Qili. Both sides expressed a will to carry fully to the effect the arrangements agreed during talks here two months ago between Wojciech Jaruzelski and Chinese leaders, and pointed out that the present Polish visit was practical implementation of those arrangements.

Gorywoda and Hu Qili reviewed the problems involved in implementation of the respective economic reform programmes in both countries and future reform directions, stressing that increased cooperation and exchange of experiences between Poland and People's China were very important in that context.

The Polish side described the economic tasks implied by the decisions of the PUWP Tenth Congress and the importance attached by Poland to increased links and cooperation with foreign countries, including search for possibilities of broader cooperation with People's China.

Also today, the Polish chief planner and his Chinese counterpart Song Ping signed an agreement on major directions of long-range economic cooperation between both countries and a protocol from Gorywoda's talks in China. According to the agreement, both countries will cooperate in such fields as extraction of natural resources, the coal and power industries, electro-engineering and electronics, the chemical and textile industries, road, railway maritime and river transport, agriculture and the food industry. Both sides agreed the cooperation would include technical consulting, design of new technologies and factories, professional training, modernization of existing factories, limited co-production, scientific-technical cooperation and application of its results. The document, signed for 1986-95, provides also for a possibility to form joint ventures.

— Meets Li Xiannian —

OW271836 Beijing XINHUA in English 1438 GMT 27 Nov 86

[Text] Shanghai, November 27 (XINHUA) -- Chinese President Li Xiannian met Manfred Gorywoda, vice-chairman of the Council of Ministers and chairman of the State Planning Commission of Poland, here today. Li extended warm welcome to Gorywoda.

Gorywoda expressed his appreciation of China's economic growth and its efforts for modernization. He said he had exchanged experience in building socialism with Chinese leaders during this China visit. He spoke highly of the achievements of Polish-Chinese cooperation, adding that bilateral economic cooperation has a great potential which has not been fully tapped. He said his current visit has reinforced his confidence in future cooperation between the two countries.

Li Xiannian said: "We are comrades, and we are pleased to see your development." He said economic issues are very complicated, and engaging in economic construction is more difficult than in war.

China's first and foremost task is to expand production, Li stressed. Only with increased production, which relies on science and technology, can people's livelihood be improved, he added.

Shanghai Mayor Jiang Zemin was present at the meeting.

Concludes Visit

LD300019 Warsaw PAP in English 1804 GMT 29 Nov 86

[Text] Beijing, Nov. 29 -- Poland's Vice-Premier Manfred Gorywoda, heading a delegation of the Government Planning Commission, wound up a nine-day visit to China today, made at the invitation of Chairman of China's State Planning Commission Song Ping.

The Polish and Chinese delegations discussed the current state of economic relations and trade between the two countries, and prospects for further development in this area.

Gorywoda was received by President of China Li Xiannian and member of the Chinese Communist Party's Central Committee and Secretariat Hu Qili. The Polish delegation also visited Guangzhou, and special economic zones Shenzhen and Shanghai.

WAN LI SPEECH LINKS RURAL, SPIRITUAL DEVELOPMENT

OW271011 Beijing XINHUA Domestic Service in Chinese 0122 GMT 26 Nov 86

["How to Understand and Approach the Building of Socialist Spiritual Civilization in Rural Areas -- Speech at the Central Rural Work Conference on 8 November 1986 By Wan Li"]

[Text] Beijing, 26 Nov (XINHUA) -- In his report Comrade Tian Jiyun has discussed the rural situation and rural reform, as well as rural work as a whole. I fully support his view. All I want to do at this meeting is discuss briefly how to understand and approach the issue of building a spiritual civilization in rural areas. In light of the resolution adopted at the 6th Plenary Session of the 12th CPC Central Committee and the current rural situation, I want to share with you my view on this issue, which is closely related to the thoroughgoing reform in the rural areas.

How To Understand the Relationship Between Material Civilization and Spiritual Civilization [subhead]

The "Resolution on the Guiding Principles for the Building of a Socialist Spiritual Civilization" adopted by the 6th Plenary Session of the 12th CPC Central Committee urged all comrades of the party to understand correctly the strategic importance of building a socialist spiritual civilization from the overall scheme of China's socialist modernization. The resolution points out: "The overall scheme of China's socialist modernization is as follows: Taking economic development as the key link, we are to continue to reform our economic and political structures and at the same time speed up building the country's spiritual civilization, making sure that these aspects of our work are coordinated and promote each other." This short sentence, which has profound meaning, could not have been written without having experienced both the positive and negative aspects of our country since its founding. Our socialist modernization involves the situation of the whole, and our guiding principles involve an overall scheme. Since the 3d Plenary Session of the 11th CPC Central Committee, China has achieved tremendous development in its socialist modernization drive, and the CPC and the nation have significantly heightened -- by leaps and bounds, we may say -- their understanding of socialism. The decision of the 3d Plenary Session of the 11th CPC Central Committee to shift the focus of party operation to economic construction signified a significant improvement in understanding. The princple set forth by the 12th party congress to carry out the two civilizations at the same time showed another significant improvement in understanding. Since its 3d Plenary Session of the 12th CPC Central Committee, the party has again set forth the guiding principles for sweeping economic reform and building a spiritual civilization, indicating yet another significant leap in understanding. These continuous processes have solved a series of problems of overall significance -- problems arising from the process of socialist modernization. This, along with the principle for resolving the issue of restructuring the political administration in the future, provides us an increasingly clearer picture of the overall framework of a Chinese-style socialist society. According to the overall scheme presented by the resolution, we must always keep firmly in mind that the center of socialist construction is economic construction, and the fundamental mission is to develop social productive forces.

While material civilization provides material conditions and actual experiences for building a spiritual civilization, a spiritual civilization provides spiritual power and intellectual support for material civilization, giving it a powerful ideological support so that it can develop along the right course. While the two civilizations are interdependent, material civilization is the foundation of all other civilizations. As such, the building of a socialist spiritual civilization will inevitably give impetus to socialist modernization, expedite reform in all fields, promote the implementation of the policy of opening to the outside world, and uphold the four cardinal principles. In stepping up building a spiritual construction, we should never forget that we should view things from the angle of construction. We must earnestly understand and implement this guiding thought. Going against this guiding thought will lead to losing contact with the masses and reality.

The Chinese nation is a great nation with a long history and an age-old cultural tradition. The founding of New China set in motion the revival of the great Chinese civilization. However, it should be noted that China's socialist revolution scored its victory in a large, backward agricultural country that was semifeudal and semicolonial. The main contradiction in the Chinese society nowadays is the contradiction between the growing material needs of the people and backward social production. The mistakes in guiding principles that were made over a long period in the past lay in inadequate understanding of this point. Class struggle was maintained as a guiding principle after the socialist transformation was basically completed -- to the neglect of economic construction; democratic political construction; and educational, scientific, and cultural undertakings. It is not necessary to say how it turned out, because comrades experienced it personally. Since the 3d Plenary Session of the 11th CPC Central Committee the party Central Committee has made an all-out effort to bring order to the chaos and persisted in switching its work emphasis to economic construction. With the development of material civilization, significant progress has also been made in building a socialist spiritual civilization. The changes in the vast rural areas have been particularly noticeable. Under the guidance of the party's correct lines, principles, and policies, hundreds of millions of peasants have emancipated their minds, made bold practical moves, shattered the rigid commune system, and adopted a contract responsibility system of joint production, thereby becoming commodity producers and business operators with decisionmaking powers of their own. They have given full play to their initiative and creativity, promoted agricultural production and overall economic growth in rural areas, and spurred rapid development in rural educational endeavors. There has been a widespread fervor for studying science and technology and acquiring education. A social practice of respecting knowledge and talent has begun to take shape: In particular, having solved the basic problem of livelihood and shaken off poverty, peasants in some areas with fairly well-developed commodity economies are declaring war on ignorance and backwardness and marching into a new modernized life. In those areas village and town enterprises have developed vigorously, rows of new houses have been built, and clusters of schools and all kinds of cultural and welfare establishments have been set up, thereby changing the look of rural areas. Home electrical appliances and modern transport vehicles have begun making inroads into peasant households. Public health services have gradually improved in rural areas. Young and middle-aged peasants with higher primary school and junior middle school education are increasingly becoming the backbone of the rural work force. Some of these have left the farmlands they have inherited from generation to generation to become a new type of "peasant worker." A large number of socialist entrepreneurs like Lu Guanqiu have emerged. Seeking wealth and knowledge have become the new demands of peasants, and openness and progress are replacing the parochial and conservative concepts inherent in the small-scale peasant economy.

The typical character of peasants in the past was one of honesty, simplicity, diligence, and frugality; the lifestyle one of slow tempo without regard for efficiency, marked by work at sunrise and rest at sundown; and the philosophy of life one of resignation to and contentment with one's fate, being easy-going, avoiding destitution at the expense of even distribution of wealth, and great dependency. At present changes in rural areas are increasingly penetrating the ideological field, with the deep-rooted traditional moral concepts compatible with the small-scale peasant economy gradually making way for the market concepts, competitiveness, thoughts of efficiency, and enterprising spirit suitable for the socialist commodity economy -- as well as for ideas of democracy, equality, and freedom. The fact is: Once the peasants become commodity producers with decisionmaking powers under socialist conditions, their wisdom and talents are liberated, with the result that they become clever. This is an unprecedented ideological, conceptual, and spiritual change in rural China, and the reflection on the peasants of a historic shift from a natural economy to a commodity economy.

The socialist commodity economy is not only an economic and productivity issue, but also a cultural and civilization issue, because it is an economy with an advanced culture and a fairly developed civilization. Peasants have become more and more aware in practice that arranging production in accordance with market demands in launching the commodity economy requires not only a knowledge of the functions, quality, specifications, and sources of products, but also an understanding of consumer psychology and buying trends. It also requires a thorough understanding of party principles and policies and of laws and decrees, and their influences on market activity.

All this requires knowledge in general, science and technology, management and operational expertise, familiarity with market information, and a certain level of legal knowledge. The development of productive forces is the ultimate goal of building socialism with Chinese chracteristics. Without a fully developed society and economy, it is impossible to enrich the material conditions, and without enriched material conditions it is impossible to achieve advanced spiritual civilization. Therefore, we may say that the development of a socialist commodity economy is the goal of the economic structural reform, as well as a lever for promoting the building of socialist spiritual civilization. Along with the development of socialist commodity economy, we will surely be able to make bigger strides in building socialist spiritual civilization.

How To View Various Undesirable Trends in the Spiritual Realm [subhead]

Of course, while making historical achievements we have also observed certain undesirable trends in the countryside. Some of them are rather serious and merit our prompt attention. For example, feudal superstitions, mercenary marriage, extravagant weddings and funerals, gambling, and economic crime -- even certain evil practices that were once stamped out -- have reemerged. Worry about this is understandable. They undeniably exist in varying degrees in some places. However, it is obviously erroneous to ascribe them to the reform and opening to the outside world and to the development of a commodity economy. Although the socialist commodity economy is beginning to take shape in rural areas, it has not yet played a leading role in the economic activities. Vestiges of feudalism and other ideas, public opinions, moral standards, and value concepts that are incompatible with socialist commodity economy are still widespread among the peasants. They are mostly old problems left over from the feudal society, and not new ones brought about by the reform and opening to the outside world.

The problems appear especially prominent because implementation of the reform and opening to the outside world has, on the one hand, provided an opportunity for residue and vestiges to resurface and, on the other, wiped out their final ground for existence. During the transitional period of the new replacing the old, negligence in the building of socialist spiritual civilization, ineffective ideological and political work, and failure to update the ideological work on the part of some localities have also aggravated the problems. Both positive and negative experiences in our history have testified to the fact that without developing a commodity economy it is impossible to liberate productive forces, make the country prosperous, improve the peasants' material and cultural life, exercise democracy and enforce the legal system in our community, and thoroughly shake off ignorance and backwardness among the peasants. Undesirable trends related to feudal vestiges will certainly reoccur now and then, and never be thoroughly eradicated. Only by developing productive forces, popularizing education, and disseminating science and culture can we solve the problems once and for all, and only by shaking off ignorance and backwardness with advanced scientific ideas can we gradually eliminate feudal vestiges. Our top priority in carrying out this arduous and protracted mission is to earnestly study how to adapt the building of spiritual civilization to reform and opening to the outside world and the development of socialist commodity economy. Otherwise, our guiding ideology will lag behind the historical current and even go against the objective law of socialist development.

The Fundamental Goal Is To Raise the Peasants' Ideological and Ethical, As Well As Scientific and Cultural, Standards [subhead]

It is a tremendous job to build socialist spiritual civilization in rural areas, which involves not only fostering ideals, raising ethical standards, and promoting democracy, but also -- and more importantly -- raising education, cultural, and scientific levels. However, it is necessary to clarify that the fundamental goal of building a socialist spiritual civilization is -- in keeping with the needs of developing the socialist commodity economy and building socialist modernization in rural areas -- to train peasants to become socialist-minded people with ideals, morality, general knowledge, and discipline; eliminate the pernicious influence of feaudalism and the parochial concept of a small-scale peasant economy among the peasants; and raise their ideological and ethical, as well as scientific and cultural, standards. Respecting and caring for people and firing their initiative and creativity is the key to successful accomplishment of the socialist modernization drive. Chinese peasants are industrious and ingenious people full of revolutionary spirit. They have steadfastly taken the socialist road, under the Party's leadership, over a long period of time. However, the harm done to the peasants by feudal tradition and culture over millennia should never be underestimated. An important aspect of Lu Xun's greatness lies in his bitter opposition to the feudal cultural and ideological system. Showing understanding and love for the peasants with all his soul, Lu Xun grieved at their haplessness while angering at their resignation to fate. Ah Q, Rentu, and Xianglinsao -- the immortal characters he created -- penetratingly expose and condemn the obnoxious influence of feudal culture on the peasants. He attached special importance to changing outdated customs and habits; spoke highly of Lenin's view, which regards customs and habits as component of culture; and stressed the difficulty of changing the force of habit among hundreds of millions of people, which requires not only resolute and persevering efforts but also flexibility. For a long time we failed to pay due attention to eradicating the vestiges of feudal ideology and culture, which have to date spread unchecked and unconsciously affected people's judgment and moral concepts, especially those in remote backward rural areas.

The patriarchal clan idea, "special privilege" mentality, autocratic style, factionalism, and male chauvinism that have continued to find their inroads into current social relations are essentially reflections of the pernicious feudal influence. Slavish colonial mentality and decadent capitalist ideas, which were born under the historical condition of a semicolonial society, have also been amalgamated with the rotten feudal ideology. Therefore, most of the undesirable trends in the spiritual realm of Chinese rural areas are, we may say, indegenious and stem from the feudal vestiges. In light of this, in overemphasizing the criticism of capitalism and revisionism and calling for "chopping of the tail of capitalism" in the past we were actually criticizing the peasants' initiative and creativity and the commodity economy and obstructing its development by imposing a rigid formula on the peasants. Now the introduction of rural reform has created the conditions for developing a commodity economy and changed the people's attitude toward outdated ideas and habits in some developed areas. However, the influence of outdated ideas and habits remains rather strong in the countryside as a whole. With the deepening of reform, the development of socialist commodity economy calls not only for the establishment of compatible production structure and circulation and pricing systems but also the reform of the political system so as to promote education, culture science and technology, and socialist spiritual civilization accordingly. This will inevitably cause more friction with old ideas and habits. If we continue to view problems in the new period from an outdated point of view it is very likely that we will regard new things in the reform and opening to the outside world as abnormal and worry endlessly about the development of commodity economy. Only by establishing a set of new concepts compatible with the socialist commodity economy and using these new concepts to observe, analyze, and handle new circumstances and problems in the new period will the building of socialist spiritual civilization follow a clear and definite direction, find a correct criterion for judging right or wrong, and give a strong impetus to the development of productive forces. Therefore, the most important task of building socialist spiritual civilization is to help peasants update their concepts and bring about a total conceptual transformation of society. For example, one of the traditional concepts that has had a far-reaching influence on commodity economy and impeded its development has been the concept of belittling merchants and profit-making and considering it much more important to pursue what was considered as righteousness. An old Chinese saying goes: "A gentleman seeks righteousness, whereas a little man seeks nothing but profits." Of four major classes -- scholars, farmers, workers, and merchants -- the social status of merchants was the lowest. When one made a profit from doing business it was more often than not considered ill-gotten wealth. Today we should change this concept. We should proclaim without qualm that the purpose of developing commodity economy is to make profits by legitimate means. Of course, we must clearly understand that in developing the socialist commodity economy we should seek profits for the state and collectives and allow individual people to become affluent through working hard, so that they will bring along all other people to achieve common prosperity. In this sense, doing what is right and making profits are the two sides of a coin. We should also give a new meaning to doing what is right. We should emphasize education on professional ethics, intensify education on law; and regard professional ethics, discipline, and law as our yardstick. We should understand that making profits is right so long as they are made legitimately, that what we do can promote the development of productive forces in society and be ethically accpetable; and that it is wrong if these requirements are not met. As the socialist commodity economy develops it is certain that econonic behavior will clash with our traditional moral concepts. We must therefore modify our concepts and integrate economic behavior with moral concepts.

Where Should We Begin To Modify Our Concepts [subhead]

The modification should begin with cadres and party members. Although the vast number of cadres and party members in the rural areas are fairly well educated by the party and should have higher socialist consciousness, deep down in their minds there is little difference between them and the peasants. This is because of the influence of feudal society's moral concepts, habits, and customs in the rural areas, as well as their limited literacy. Owing to our inaccurate theoretical viewpoint toward socialistm, as well as the influence of rigid modes, in the past we exercised exessive rigid control over the entire economy, stressing that "the plan was the law." Although the rural communes were actually expanded natural economies, they were required to operate according to state plans and all their outputs were subjected to unified state purchase and marketing. Trading on the market was impermissible and denounced as "laissez-faire operation," "spontaneous capitalist tendency," "forsaking agriculture for trade," "speculation and profiteering," and so on and so forth. More misconceptions were spawned, since cadres and party members in rural areas were obligated to defend socialists principles under the influence of "leftist" guiding thought. Because those misconceptions were often mixed with special privileges, autocratic work style, and other fuedal concepts, their awareness of democracy, equality, and law, as well as the concept of commodity economy, were low. This being the case, it is particularly important for them to modify their concepts. China's rural areas are now undergoing a big change. Not only is the self-sufficient and semi-self-sufficient economy being transformed into a commodity economy, the traditional culture is being replaced by a higher level culture. If we continue to cling to the outmoded concepts we will certainly obstruct reform and the open-door policy and obstruct our economy from being replaced by a commodity economy. If we can modify our social concepts during the course of the modification of our economic foundation our endeavor to build a socialist spiritual civilization will meet historical requirements and will greatly enhance the development of productive forces in our society. If we can help our cadres and party members in the rural areas understand this they will take the initiative to replace and modify the outmoded concepts and help the peasants do likewise.

During the course of building a socialist spiritual civilization, we must work harder in such areas as disseminating education and scientific knowledge and promoting cultural work. By no means should we do such things again as letting destruction lead the way, building after destroying, or "blazing a trail with mass criticism." While changing the prevalent customs and habits, in particular, we must fully respect the masses' sentiments and proceed cautiously. Certain local authorities have forced the peasants to exhume the buried bodies and then cremate them. Even though this is not a widespread phenomenon, it should never be allowed to happen again. While building a spiritual civilization, we must resolve problems within the spiritual realm by means of enlightening the people, persuading them, educating them, explaining problems to them, and setting an example for them. This requires patience, fortitude, and perseverence.

Without doubt, the exemplary vanguard role played by Communist Party members, especially party member-cadres, is seen as a high-level spiritual attainment in society. In the course of rectifying grass-roots party organizations in the rural areas, not only should we deal with the problems caused by the small number of cadres who have seriously abused their power for personal gains and who have seriously violated law and discipline; more importantly, we should give full scope to party members' exemplary vanguard role. Never should we dampen the enthusiasm of party members and the vast number of peasants to develop a socialist commodity economy.

As Communist Party members are duty bound to serve the people, party members in the rural areas must now take the lead in developing the productive forces, in developing the commodity economy, and in guiding the masses to work hard to become well off. To facilitate the accomplishment of this general task, they should also work hard to heighten the peasants' ideological level and ethical sense, improve their scientific and educational proficiency, and help them become educated, socialist-minded new people with lofty ideals and a high sense of morality and discipline. During party rectification, and thanks to clear-cut guidelines, the grass-roots party organizations in Sichuan's rural areas have studied how to give full scope to party members' exemplary role in accomplishing the central task: How to promote commodity economy and lead the masses to achieve prosperity. Throughout the rectification process, they kept educating party members to combat the small production mentality and heighten their sense of the commodity economy, and urged party members to take the lead in modifying their thinking. Noticeable results have been achieved. Some party members, who were hiding somewhere else for fear of being denounced during party rectification for having engaged in a commodity economy, have returned to study, and they have pledged to be vanguards and models in this regard. Some other party members, who had lingering fears of getting involved with a commodity economy, and whose income was noticeably lower than that of the masses, have confessed that they should not have approached a new issue with an old viewpoint. They too have pledged to take the lead in promoting a commodity economy and leading the masses to work hard to become affluent. People of many villages in which party rectification has taken place have been discussing the development of a commodity economy and are drawing up plans for achieving affluence. Party members have been willingly taking part in this new era "modern party rectification." This shows that socialist commodity economy has instilled new vitality into party organizations in the rural areas. Not only has this new vitality enhanced the building of a material civilization, it has also given drive to the character of our times and helped the party achieve epoch-making progress in building itself up.

I have just shared with you some of my views and raised some issues. As to what the rural areas should do in building their spiritual civilization, this is an issue you should explore while doing actual work. But I want to emphasize this: As rural reform continues to deepen, the substance and form of material and spiritual civilizations also change. We must keep pace with the change and the development of a commodity economy, modify our thinking, do all types of party work in the rural areas more effectively, intensify the building of socialist spiritual civilization, and work hard to eradicate the feudalistic residues that have existed for several thousand years; heighten the peasants' ideological level, ethical sense, scientific and educational proficiency, and legal concept; and build a modern socialist countryside with distinctive Chinese characeristics.

NPC STANDING COMMITTEE HOLDS PLENARY SESSION

OW280615 Beijing XINHUA Domestic Service in Chinese 1127 GMT 27 Nov 86

[Text] Beijing, 27 Nov (XINHUA) -- The 18th Meeting of the 6th NPC Standing Committee held a plenary session this morning to hear motions submitted by the State Council for deliberation and reports made by special NPC committees.

Chairman Peng Zhen attended the session.

Two motions from Premier Zhao Ziyang were submitted to the session. One calls for the establishment of the PRC Ministry of Supervision, and the other for the establishment of a State Machine Building Industry Commission to replace the Ministry of Machine Building Industry and the Ministry of Ordnance Industry.

At the State Council's request, Vice Premier Qiao Shi and Secretary General of the State Council Chen Junsheng explained the two motions.

The session heard a report by Liao Hansheng, vice chairman of the NPC Standing Committee and chairman of the Credentials Committee of the Sixth NPC Standing Committee, on the committee's examination of the credentials of deputies newly elected in a by-election.

Premier Zhao Ziyang also submitted to the session three motions requesting it to deliberate on the "Consular Treaty of the People's Republic of China and the Republic of Italy," the "Consular Treaty of the People's Republic of China and the People's Republic of Mongolia," and the "Consular Treaty of the People's Republic of China and the Union of Soviet Socialist Republics," and another motion in which he proposes that China should join the "International Convention on Recognition and Enforcement of Foreign Arbitral Awards." At the State Council's request, Vice Foreign Affairs Ministers Qian Qichen and Zhu Qizhen explained these motions.

The session also heard a report by Ye Lin, vice chairman of the NPC's Financial and Economic Committee, on the results of the committee's deliberations on NPC deputies' motions submitted through the Presidium of the Fourth Meeting of the Sixth NPC. It also heard a report made by Zhang Chengxian, vice chairman of the NPC Education, Science, Culture, and Public Health Committee, on the results of the committee's deliberations on NPC deputies' motions submitted through the Presidium of the Fourth Meeting of the Sixth NPC.

Ye Lin said: Eighteen motions from NPC deputies were submitted to the committee for deliberation through the Presidium of the Fourth Meeting of the Sixth NPC. Of these motions, 10 concerned economic legislation, six concerned retirees' pay and social benefits, and two concerned agricultural investment. According to the nature of the motions, we requested that the State Council's relevant departments give their opinions on handling the motions. On the whole, the Financial and Economic Committee concurs with their opinions. After consulting with departments concerned, it has changed certain parts that need to be amended. In response to the motion submitted by Han Liying and 31 other deputies on the urgent need to draw up an enterprise law, the NPC Standing Committee has placed on its current agenda deliberations on the "Draft for the PRC Law Governing Industrial Enterprises Owned by the Whole Nation." The General Office of the NPC Standing Committee will refer the other 17 motions, which were not placed on the agendas of the NPC or its Standing Committee, to the State Council General Office, which will instruct various departments concerned to answer directly the deputies who put forward the motions.

Zhang Chengxian said: The presidium of the Fourth Meeting of the Sixth NPC handed 11 motions over to the Education, Science, Culture, and Public Health Committee for deliberation. Of these motions, seven concerned education, two concerned science and technology, one concerned culture, and one concerned public health. After examining these motions on the basis of conducting investigation and study and soliciting the opinions of departments concerned, the Education, Science, Culture, and Public Health Committee held that the issues listed in those motions -- issues concerning the legislation of the teachers law, the basic law for education, the law for workers' education, continuing education for scientific and technical personnel, the publishing law, the regulations governing state-class awards for literary and art works, the urban sanitation control law, the budgeting of educational funds, and accelerating scientific and technological development, etc. -- are fundamental issues involving the laws and budgets for educational, scientific and technological, and cultural work, as well as public health.

Since these issues are related closely to expediting the building of socialist material and spiritual civilizations, they should receive great attention. We have proposed that the State Council draft the teachers law as quickly as possible and submit it to the NPC Standing Committee for deliberation. Concerning the other motions, which are regarded as suggestions submitted by NPC Deputies, the General Office of the NPC Standing Committee will, in accordance with the NPC Organic Law, refer them to the State Council and other departments concerned, and they will study those suggestions and answer the deputies.

Vice Chairman Chen Pixian, Peng Chong, Zhou Gucheng, Ye Fei, Huang Hua, and Chu Tunan attended today's session, which was chaired by Vice Chairman Geng Biao.

Zheng Tianxiang, President of the Supreme People's Court, and Yang Yichen, procurator general of the Supreme People's Procuratorate, attended the session as observers.

PENG ZHEN SPEECH AT NPC COMMITTEE MEETING

OW280325 Beijing XINHUA Domestic Service in Chinese 1424 GMT 26 Nov 86

["Speech at the Joint Group Meeting of the 18th Session of the NPC Standing Committee Discussing the 'Resolution of the Communist Party of China on the Guiding Principles for Building a Socialist Spiritual Civilization' -- By Peng Zhen -- 25 November 1986"]

[Text] A few days ago when members of the NPC Standing Committee in Beijing and members of the NPC special committees were studying and discussing the "Resolution of the Communist Party of China on the Guiding Principles for Building a Socialist Spiritual Civilization," I made a speech. Here I will not repeat what I have already said. Today I only wish to dwell on the following questions:

1. On the Ultimate Ideal of the Party [subhead]

Invariably any action of an individual is subject to a given thought in his mind. This is the fundamental distinction between man and other animals. The resolution states: "The ultimate ideal of our party is to build a communist society that applies the principle 'from each according to his ability, to each according to his needs.' For communists and other advanced people, this ideal has been, and will always be, a source of strength and moral support."

How should we view this ultimate ideal?

In dealing with communism as a social system, Marx divided it into two stages: The initial stage and the advanced stage, in other words, the socialist stage and the communist stage. Even the initial state Marx referred to is one of socialism founded on the basis of a relatively high level of development of social productive forces, and we have as yet to achieve that level. Just as the resolution states, "our country is still in the initial stage of socialism," That is, the intitial stage of the intitial stage of communism. The meaning of this is quite clear.

Then, are we mounting high-sounding words, bragging, and voicing empty talk when we dwell on the ultimate ideal at this time, as some people have said? No. On the contrary, what we are talking about is a matter of immediate importance that gives us guidance both theoretically and in practice. Why?

Communism is a new social system and, at the same time, a scientific world outlook. It is an objective law of the development of history that human society is advancing toward socialism and communism. Generally speaking, to practice dialectical materialism and historical materialism is to become aware of, and act according to, the objective law and to embark self-consciously on the inevitable path of history. To be correct is to be in accord with the objective law. To be erroneous is to be in disagreement with it. This was true in the past, it remains true now, and will continue to be so in the future. We are acting on the objective law of the development of history and striving to realize our ultimate ideal. How can this be described as mouthing high-sounding words, bragging, and voicing empty talk?

Of course, progress should be made step by step. The historical course to achieving a communist society is very long. Take the Chinese Revolution as an example. We experienced two stages: The new democratic revolution and the socialist revolution. Following the basic completion of the socialist transformation of private ownership of means of production, our central task was socialist construction. Further, at each stage, our policy varied from period to period. For instance, our policy for the period of the War of Resistance Against Japan differed from that of the 10-year civil war period. Whether our task is revolution or production, our party's line, principle, and policy have always been formulated on the basis of the reality at the time and according to the objective law under the guidance of the communist ideal. The purpose is to unite all forces that can be united to push history step by step toward the ultimate goal of communism. As the resolution points out, now "as far as communists are concerned, to work for socialism of the Chinese style is to work for the party's ultimate ideal." We should build socialism with Chinese characteristics, uphold the four basic principles, devote more efforts to building the socialist material and spiritual civilizations, develop socialist democracy, improve the socialist legal system, and build China into a highly civilized and democratic socialist country. This is an indispensable stage we have to undergo in order to achieve a communist society.

As for the communist ideal, Marx and Engels already defined it long ago. Only by liberating all of mankind can the proletariat ultimately liberate themselves. This has determined our party's sole aim: Wholeheartedly serving the people. The part serves the special interests of no one, including itself, other than that of the working class and the greatest number of people. This has been written in the party Constitution. Whether or not a party member abides by this principle both in theory and practice not only is the criterion for judging whether a party member has established the communist world outlook, but also shows whether a party member has faithfully fulfilled the oath for joining the party, and whether a party member is qualified to be one. How could this be called high-sounding words, bragging, and empty talk?

In short, the communist ideal was, is, and will always be a source of strength and a spiritual pillar for us communists and the advanced elements. If we abandon this supreme ideal, we will lose our source of strength and our spiritual pillar and consequently our bearings as well. How could this not be a real problem?

2. On Socialist Democrats [subhead]

Socialist democracy or bourgeois democracy, which is better? Some people cherish bourgeois democracy. To these people, it seems that even the moonlight in the capitalist world is brighter than the sunlight in our society. If anyone wants to see it that way, it is his or her prerogative. But only by comparing can one distinguish. Let us make a comparison between them.

First, our democracy is the most extensive democracy extended to a maximum number of people. For a certain period after the founding of our republic, we used to talk about uniting with over 90 percent of the people. This statement was well-grounded because at that time the landlords and rich peasants made up 8 percent of the total number of households and accounted for 10 percent of the total population. Since we were engaged in the land reform and the destruction of the feudal system at that time, how could we talk about unity with the landlords and rich feudalist peasants who exploited others, except for the enlightened gentry? In 1963, our party wanted to unite with over 90 percent of the people. Why? Because at that time, the children of the landlords and rich peasants who counted for about 5 percent of the total population had grown up under our educational system, and at the same time, some landlords and rich peasants had become people we could unite with after their reform through labor. If we had still not wanted to unite with them, we would have been rejecting a force that could be brought into the fold. Great changes have taken place since that time. According to nationwide statistics on direct elections at county level in 1981, the number of citizens age 18 and over who had the right to vote and to run for office accounted for 99.97 percent of the total population. This fact fully demonstrates the extensiveness of democracy in our socialist society. The new Constitution stipulates that a Chinese citizen enjoys extensive and genuine freedom and rights. There is only one restriction: "While exercising his or her freedom and rights, a citizen should not hurt the interests of the state, society, or collective or infringe on the legitimate freedom and rights of other citizens." The extensiveness of our democracy is beyond compare with bourgeois democracy.

Second, China's democracy is democracy for working people of all nationalities, including those who work with their hands and those who work with their minds. The workers, peasants, and intellectuals are the three basic social forces supporting this democracy. Democracy in capitalist countries is democracy for the bourgeoisie, for safeguarding the capitalist system, and is more and more at the disposal of monopoly capital.

Third, our democratic system is different from the bourgeois system. Our system of state is a socialist country under the people's democratic dictatorship with the working class as the leadership and the worker-peasant alliance as the foundation. Our system of government implements democratic centralism. The basic substance is: First, the leading bodies are formed through democratic election; it is the basis of democratic centralism. The national People's Congress, the highest organ of state power, is formed through democratic election. Likewise, the National People's Congress elects its own Standing Committee, the state president, the State Council, the Central Military Commission, the Supreme People's Court, and the Supreme People's Procuratorate.

Once the state organ of power has been formed through election, what are the principles to follow in discussing issues? Truth is unbiased. Those advocating the truth should win out. Failing to realize this, we would have no ideological basis to stand on in deciding issues. If unanimity of opinion cannot be reached after repeated discussion, the principle of the minority being subordinate to the majority is applied. Finally, individuals are subordinate to the organization, lower organizations, to higher ones, and the whole country, to the central authorities.

All this has been written into law for everyone to abide by. This is the basic substance for our democratic centralism. In my opinion, our democratic system is better than the bourgeois democratic system.

3. On the Socialist Legal System [subhead]

Rule by person or rule by law? We implement a socialist legal system. This is stipulated by the party Constitution and the State Constitution, and it has also been reiterated in a resolution by this plenary session.

After seriously summing up past experiences and lessons, particularly those during the "Great Cultural Revolution," the 3d Plenary Session of the 11th CPC Central Committee clearly proposed: To safeguard the people's democracy, it is necessary to strengthen the socialist legal system, make democracy a system, and write it into law so that it does not change because of a change in leadership or a change in view or emphasis on the part of the leadership, and so that both the legal system and democracy are based on and protected by law. Only by doing this can the 1 billion people take the destiny of the country, the nation, and their own destiny into their own hands. Only in this way can they safeguard political stability and unity and succeed in economic and political structural reform and in socialist construction.

We must also realize that improving the socialist legal system is an arduous task. As China is a big country with a large population, with imbalanced political, economic, and cultural development in various localities, and as it experienced a long period of feudalism, the surviving feudalist influence from old China still holds considerable sway, and our people are still ignorant of democracy and the legal system. For a long period after the founding of the new republic, we failed to realize the importance of improving the socialist legal system, and our laws were imperfect or sketchy. Just as Comrade Deng Xiaoping has said: "We frequently regarded the words of a leader as 'law.' To disapprove of what the leader said was equivalent to 'breaking the law.' When a leader changed his words, the 'law' followed suit." On this question, the experiences of both the Soviet Union and China show that it will not do for the legal system not to be strengthened or for the laws not to be abided by. In this we are by no means trying to deny of the role of the individual. What we are trying to say is that the most fundamental and most important thing is to rely on the system. Comrade Deng Xiaoping has said it right: "A good system can prevent bad people from running wild at will. A bad system hinders good people from doing good things and may even make them do bad things." Imagine, if the lawlessness of the "Great Cultural Revolution" and been left to continue unchecked, what would have become of China today? These are the basic causes that ever since the 3d Plenary Session of the 11th Party Central Committee, the party and state have repeatedly stressed developing socialist democracy and improving the socialist legal system. Our Constitution clearly stipulates: "The people of all nationalisties, all state organs, the armed forces, all political parties and public organizations and all enterprises and undertakings in the country must take the Constitution as the basic norm of conduct," and "must abide by the Constitution and the law." "No organization or individual may enjoy the privilege of being above the Constitution and the law." "All acts in violation of the Constitution and the law must be looked into." Our party Constitution stipulates: "The party's activities must be within the bounds of the Constitution and the law." On this question, the stipulations in the party Constitution and the state Constitution are identical. All citizens must abide by the Constitution, and all party members must abide by the party Constitution in addition to abiding by the state Constitution. When everyone realizes this, our thinking can easily be unified, and we can keep in step with one another.

Finally, I want to talk about the question of study. Being members of the NPC Standing Committee, we must study Marxism-Leninism-Mao Zedong Thought well as well as science and culture. Particularly, we must study the law well, especially the Constitution. Otherwise, we will not be fully competent for our job.

The views I have just offered are only offered as references to our comrades.

Discusses Bankruptcy Law

OW291659 Beijing XINHUA in English 1642 GMT 29 Nov 86

[Text] Beijing, November 29 (XINHUA) -- Peng Zhen, chairman of the National People's Congress (NPC) Standing Committee, today expounded on the necessity of formulating a bankruptcy law governing state-owned enterprises and favored the adoption of a tentative law.

He said the tentative law would be first implemented at selected units as a pilot project, later elsewhere in the country on a trial basis and would be further revised before the establishment of a full-scale law.

Peng was speaking at the ongoing 18th session of the NPC Standing Committee today.

He said the state-owned enterprises, as legal persons, should bear limited rather than unlimited civil responsibility in implementing contracts and repaying debts.

If they bear unlimited civil responsibility, he said, the state has to pay all their debts.

Hence, it is necessary to have a bankruptcy law to deal with the cases in which state-owned enterprises cannot repay their debts on time, he said.

So far, there is only a small number of enterprises in the position of being declared bankrupt, he said. But he did not rule out the possibility of more such enterprises.

Peng said the main difficulty in instituting a bankruptcy law is the lack of a state-owned industrial enterprise law, a law which will ensure enterprises their decisionmaking power in operation and management.

While stressing the necessity of a bankruptcy law, he admitted the immaturity of conditions for a full-scale law at present.

Specific plans and measures will be decided by the State Council, he said.

TRIAL IMPLEMENTATION OF BANKRUPTCY LAW PROPOSED

OW261334 Beijing XINHUA in English 1305 GMT 26 Nov 86

[Text] Beijing, November 26 (XINHUA) -- A proposal to put a controversial enterprise bankruptcy law into effect on a trial basis was put forward today to the National People's Congress (NPC) Standing Committee.

The proposal was made by Song Rufen, vice-chairman of the NPC Law Committee, at the ongoing 18th session of the NPC Standing Committee here this morning.

Song suggested that the name of the revised draft of the bankruptcy law be changed to "Trial Bankruptcy Law Governing Publicly-Owned Enterprises" and to implement it on an experimental basis three months after the establishment of the publicly-owned industrial enterprises law.

He said that the law committee had suggested some changes in the revised draft after studying suggestions made by members of the Standing Committee at its current session.

He noted that some members of the Standing Committee suggested the bankruptcy law be implemented on a trial basis together with or a bit later than the introduction of the enterprise law since China lacks experience in practising a bankruptcy system.

He said, "The bankruptcy law should be passed and put into effect on a broader trial basis three months after the establisment of the enterprise law, and later fully implemented after revisions based on its trial implementation over a specified period."

Song proposed the first article of the draft should be changed to "this law is formulated to meet the development of the planned socialist commodity economy and the economic restructuring, to promote autonomy of publicly-owned enterprises, to strengthen their economic responsibility system and democratic management, to improve operation and economic results, and to protect the legitimate rights and interests of creditors and debtors."

Another article Song proposed to be added is any plan for the reorganization of an enterprise should be discussed by the congress of the workers and staff of the enterprise. The congress should also be informed and consulted about the reorganization.

This proposed article was based on the suggestion of some members of the Standing Committee that the congress of workers and staff of an enterprise should have the right to supervise the reorganization of their enterprise if its creditors apply to declare it bankrupt.

Explanations were also heard by the Standing Committee today on the revision of a postal law, and a border quarantine law.

The committee also heard explanations on revisions concerning the decisions to revise the "Electoral Law for the National People's Congress and the Local People's Congresses" and the "Organic Law of the Local People's Congresses and Local People's Governments".

BORDER QUARANTINE LAW EXAMINED BY NPC COMMITTEE

OW260103 Beijing XINHUA Domestic Service in Chinese 0659 GMT 23 Nov 86

[Text] Beijing, 23 Nov (XINHUA) -- Members attending the 18th session of the Standing Committee of the 6th National People's Congress held, during the past several days, group discussions to examine the draft border quarantine law.

The members previously examined the draft border quarantine law at the 17th session of the 6th NPC Standing Committee. During the current session, members expressed their satisfaction over the revised draft law and suggested that it be adopted as quickly as possible.

Member He Ying said: Following the implementation of the policy of opening to the outside world, the number of people entering and leaving our country's borders has greatly increased. The formulation of a quarantine law will be conducive to promoting people's health. Member Yang Kebing said: The formulation of a quarantine law is important and concerns the people's health so it sould be adopted as quickly as possible.

Members Ma Wanqi, Yang Ligong, and Qiu Weifan suggested that, in addition to the promulgation of a quarantine law for people, a quarantine law for animals and plants should also be formulated as soon as possible to cope with increasingly frequent international exchanges and to ensure sanitation. Member Zhang Chengxian said: Our country has established a number of new ports that are open to the outside world. However, we do not have adequate quarantine personnel and the quality of quarantine personnel is relatively low. Therefore, we should strengthen the training of quarantine presonnel and improve quarantine organizations. Vice Chairman Huang Hua said: The implementation of a quarantine law will prevent the dissemination of disease from foreign countries to China and from China to foreign countries. We should also pay attention to tourists' convenience. The strict implementation of the "yellow book" system is a good method.

At group discussion meetings, members of the Standing Committee also examined the draft customs law. They are convinced that the formulation of the customs law will be conducive to improving customs inspection, to promoting the policy of opening to the outside world, and to strengthening the control of customs officers. They also made some suggestions for revising the draft customs law.

TV SHOWS NPS STANDING COMMITTEE SESSION

OW272350 [Editorial Report] Beijing Domestic Television Service in Mandarin at 1101 GMT on 27 November carries a 3-minute video report on a plenary meeting of the 18th session of the 6th NPC Standing Committee, held on the same day. The announcer states that members heard six motions submitted by the State Council. The report shows Chairman Peng Zhen chairing the meeting and Vice Premier Qiao Shi making a speech. Other officials, including Chen Junsheng, secretary-general of the State Council; Liao Hansheng, vice chairman of the NPC Standing Committee; and Qian Qichen and Zhu Qizhen, vice ministers of foreign affairs, are shown addressing the meeting. Between these shots the camera pans the meeting hall to show the participants.

RENMIN RIBAO VIEWS 'SPARK PLAN' GOALS, TASKS

HK281302 Beijing RENMIN RIBAO in Chinese 24 Nov 86 p 3

[Special dispatch by reporter Chen Zujia (7115 4371 3946): "1987 'Spark Plan' Specifies 10 Tasks To Be Tackled"]

[Text] Chengdu, 23 Nov -- Ten actual tasks will be tackled in the 1987 "Spark Plan." This was revealed by Counselor Yang Jun specially invited over by the State Scientific and Technological Commission at the beginning of the national "spark plan" work conference held on 23 November.

The 10 actual tasks are:

-- Taking realistic measures to guarantee the timely fulfillment and pre-schedule fulfillment of the projects specified in the "spark plan."

-- Developing natural resources with local features and priorities in mind and with the proper choice of technologies, and gradually forming certain priority products and priority specialities with the selection of the best.

-- Gradually perfecting the arrangements for the "spark plan" and forming in the period of the Seventh 5-Year Plan a number of different model districts, including several comprehensively developed experimental counties in mountainous areas, comprehensively developed experimental points on shores and on islands with their emphasis on the breeding trade, animal husbandry and crop planting, and a number of relatively concentrated "spark plan" areas.

-- Accelerating the development of equipment, and making concrete arrangements in different categories for 100 kinds of equipment to be developed as planned during the period of the Seventh 5-Year Plan and carrying out such arrangements in stages.

-- Strengthening international cooperation and bringing in capital, equipment and technology.

-- Energetically developing scientific research and production integrated undertakings in various forms, including companies and groups for the development of urgently needed technologies.

-- Gradually changing measures that call for solely the use of administrative means in selecting projects and handling funds; and establishing "funds for the development of urgent projects" at various levels.

-- Joining forces with various departments, mass organs, including trade unions, CYL organizations, women's federations, associations of science and technology, and federations of industry and commerce, and the Democratic National Construction Association, and other democratic parties and groups in training skilled personnel.

-- Introducing "spark plan" prizes, including science and technology prizes, prizes for students, prizes for actions that "set the prairie ablaze," prizes for building enterprises, prizes for new stars, and prizes for management, and thus respectively providing incentives for units and individuals that make contributions toward the "spark plan" with outstanding achievements scored.

-- Arranging for exhibitions on the development and exchange of urgently needed technologies.

After reviewing conditions about the implementation of a "spark plan" in the past year, Yang Jun said that the introduction of a "spark plan" is a good way of making science and technology serve the rural economy and the local economy. Only by understanding the "spark plan" from the high plane of the reform of the economic system and the scientific and technological system and from the high plane of stimulating the building of the two civilizations can we correctly cope with difficulties and problems in carrying out the "spark plan." Only in this way can we have firm determination, flexible strategies and tactics and realistic and effective concrete measures in always persistently carrying out a "spark plan."

He put forward three problems of awareness for discussion with everyone: Learning how to use the law of value and the economic lever in carrying out "spark plans;" relying on science and technology and putting results in the first place; and continuously strengthening the self-development ability for "spark plans."

This is the second national "spark plan" work conference held by the State Scientific and Technological Commission. The first such conference was held in Yangzhou of Jiangsu in October last year. The current meeting will study the problem of policy about "spark plans." Before it officially began on 23 November, representatives from various areas attended an exhibition on the results at the stage of a "spark plan" being introduced in Sichuan, and visited several "spark plan" model areas in Chengdu City, Xindu County, Guanghan County and Deyang City.

NEW REGULATION TO ENCOURAGE FOREIGN INVESTMENT

OW262024 Beijing XINHUA in English 1600 GMT 26 Nov 86

[Text] Beijing, November 26 (XINHUA) -- A new regulation on the independent rights of enterprises with foreign investment over employment, wages and welfare funds has been adopted recently by China's Ministry of Labor and Personnel.

This will ensure the implementation of another state provision for encouragement of foreign investment which went into effect October 11 this year, said an official of the ministry today.

The stipulation provides that enterprises with foreign investment may decide the size of their enterprise establishment and employ workers and technicians independently.

According to the new regulation, the enterprises will pay pensions, unemployment insurance premiums and housing subsidies to the Chinese employees.

FUJIAN'S CHEN GUANGYI ADDRESSES MILITARY MEETING

OW300448 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 28 Nov 86

[Text] According to a report by our correspondent, a 4-day meeting held by the provincial military district to exchange grass-roots work experience concluded today in Fuzhou.

Twenty-nine representatives of advanced units and individuals reported on their experience at the meeting. Seventy-three units and individuals received citations and awards because of their remarkable achievements and outstanding performance.

Chen Guangyi, secretary of the provincial party committee and first secretary of the party committee of the provincial Military District, attended the meeting and delivered a speech. He asked the meeting representatives to relay the regards and appreciation of the provincial party committee and the provincial government to the broad masses of commanders and fighters steadfastly guarding the coastal front year in and year out.

Zhang Liqing, deputy political commissar of the provincial Military District, delivered a report entitled: Suit the Strategic Change, Carry Forward the Fine Tradition, and Strive Hard To Lay a Firm Foundation for Grass-roots Work.

This was the first grand meeting on grass-roots work held by the provincial Military District since the reduction-in-strength reorganization of PLA units. It was attended by over 400 representatives from various grass-roots units.

JIANGSU RELIES ON AGRICULTURE TO RAISE INCOMES

HK190548 Beijing RENMIN RIBAO in Chinese 14 Nov 86 p 1

[Report by Yang Chuanchun (2799 0278 2504) and Wang Xuedong (3769 1331 2639): "Peasants in Jiangsu's Taixian County Steadily Increase Their Income by Developing Planting and Breeding Industries"]

[Excerpts] While actively developing town and township enterprises, Taixian County in Jiangsu Province has encouraged peasants to "get rich by relying on agriculture."

Taixian County is located in the central part of Jiangsu Province. It differs considerably from the southern part of the province in terms of economic level, the bases of town and township enterprises, and the quality of the labor force. Although the output value of town and township enterprises in Taixian County has increased from 185 million yuan in 1983 to the present 600 million yuan, half of the 520,000 rural labor force hs not yet been absorbed by town and township enterprises. Also, they are no good at carrying out other nonagricultural undertakings. "Without guidance, peasants very often lie in the sun at home, although they enjoy freedom." How to lead them to embark on the path of prosperity? The main leaders of the county party committee and county government made a survey of their production skills and the levels of their commodity production. It was found that among these peasants, a fairly large number had acquired traditional experience in planting and breeding. However, due to the fact that they were technically backward, and were no good at promoting sales and acquiring methods of processing aimed at increasing output value, they gained very little benefit, or "nothing at all" from their planting and breeding undertakings. [paragraph continues]

After examining the capacity of town and township enterprises and other nonagricultural undertakings to absorb the rural labor force, the leaders of the county realized that at present and for a fairly long period in the future, peasants should "rely on agriculture to get rich." Consequently, the county party committee and the county government made the following decision: Cadres at all levels should exert their efforts with emphasis on enhancing the benefit of the planting and breeding industries. [passage omitted]

Thanks to the efforts to help peasants "get rich by relying on agriculture," an economic situation characterized by coordinated development has emerged in the entire county. On the other hand, peasants' incomes have steadily increased. Per capita income for this year is 460 yuan, an increase of 15 percent over last year.

SHANDONG'S PARTY SECRETARY INSPECTS COUNTY WORK

SK010437 Jinan Shandong Provincial Service in Mandarin 2300 GMT 28 Nov 86

[Text] DAZHONG RIBAO, on 29 November, gave front page prominence to a report on Liang Buting, secretary of the provincial party committee, who recently inspected work in Zhaoyuan County. During the inspection tour, he stressed the need to further develop township industries, expand lateral economic cooperation, maintain a steady grain output, and do a better job in the economc structural reform. During the inspection tour in Zhaoyuan County, Comrade Liang Buting said to responsible comrades of the county party committee: Your development has gained great momentum. You should sum up experiences conscientiously, and to go a good job in giving macroeconomic guidance. In developing township industries, we should adopt measures suitable to local conditions. Instead of following the development pattern of others, whatever it may be, we should decide on our own development pattern based on our conditions and advantages.

When a responsible comrade of Yantai City made a report on the city's efforts to continue lateral economic cooperation, Comrade Liang Buting emphasized: We must make a success of lateral economic cooperation. We should make a big step forward in it next year, and establish several groups or associations of enterprises. In addition, we may buy stocks, set up plants or open information centers in other provinces and localities to establish ties between different areas or cities.

Speaking on grain production, Comrade Liang Buting stressed: It will not do to take grain as the key link, nor will it do not to develop grain production. With regard to grain production, we should, first, understand its importance, and second, adopt feasible policies to ensure it, and refrain from giving empty talk.

Speaking on reform, Comrade Liang Buting said: In next year's reform, our province should give prominence to the work of giving great autonomy to enterprises, and achieving microeconomic flexibility. All localities may explore their ways of progress on the basis of their own local situations, and conduct reforms on the basis of their own local situations, and conduct reforms in the fields where conditions are ripe, and where successes are sure to be realized. They should not wait for unified orders from higher levels before doing everything.

Comrade Liang Buting also stressed: We must regard the building of the socialist spiritual civilization as a hard task, and carry it out conscientiously. All localities should set forth their fighting goals in line with their own characteristics. Cities, the countryside, government organs, industrial and mining enterprises, schools, and all trades and professions should have their own fighting goals, and should do some concrete work with good results.

SHANDONG'S LIANG BUTING AT MEMORIAL MEETING

SK010621 Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Nov 86

[Excerpt] Comrade Wu Kaizhang, former vice chairman of the Shandong Provincial Advisory Commission, died of illness in Jinan on 19 November 1986 at the age of 82. A memorial meeting for Comrade Wu Kaizhang was held on the afternoon of 30 November at Jinan's Zhenzhuquan Auditorium. Party and state leaders, including Ulanhu, Xi Zhongxun, Yang Dezhi, Song Renqiong, Liu Lantao, Wang Heshou, Kang Shien, and Wang Enmao, sent wreaths to the memorial meeting. The CPC Central Committee Organization Department, the Shandong Provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial government, the Provincial CPPC Committee, Jinan Military Region, the provincial Military District, the provincial Higher People's Court, the provincial People's Procuratorate, the departments under provincial organs, and Comrade Wu Kaizhang's friends also sent wreaths.

Party and government organs of Kiaxian County, Shaanxi Province, Comrade Wu Kaizhang's native county, also sent wreaths.

Attending the memorial meeting were responsible comrades of the Shandong Provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, the Jinan Military Region, the provincial Military District, the provincial Higher People's Court, and the provincial People's Procuratorate; veteran comrades of the province and the Jinan Military Region; cadre representatives of provincial organs; and Comrade Wu Kaizhang's friends and relatives, totaling more than 500 people.

Liang Buting, secretary of the Shandong Provincial CPC Committee, presided over the meeting. Li Changan, deputy secretary of the provincial party committee and provincial governor, gave a memorial speech. [passage omitted]

SHANDONG LEADERS ON FOREIGN INVESTMENT INCENTIVES

OW291425 Beijing XINHUA in English 1148 GMT 29 Nov 86

[Text] Jinan, November 29 (XINHUA) -- Qingdao's vice-mayor is trying to lure potential foreign investors in China to his city with the promise of a healthier than average investment climate.

XINHUA NEWS AGENCY interviewed several mayors of cities in east China's Shandong Province to determine how they were implementing the State Council's 22 provisions for the encouragement of foreign investment issued last month.

Qingdao's Vice-Mayor Xu Shanyi said, "We will make them feel they will make more profits here and that the enterprises in which they invest are more competitive."

The official said the most important thing for his city to do is to provide "high quality" service for enterprises with foreign investment.

The municipal government of Qingdao, one of the 14 open coastal cities in China, has set up a joint office of foreign trade departments to handle problems facing foreign entrepreneurs promptly, he said.

The city government has also worked out a 12 point plan which, among other things, will reduce the overhead of the enterprises with foreign investment, offer tax breaks or exemptions, cut red tape, and guarantee the autonomy of those enterprises.

Jiang Dehua, vice mayor of Yantai, also an open coastal city in the province, told XINHUA his town hopes to become a modern industrial port city, an import and export trade base and an international tourist city by the end of the century.

To realize the goal, Jiang said, the city government has drawn up eight concrete measures detailing preferential treatment to enterprises with foreign investment.

"We'll further supplement and perfect these measures and carry them out seriously," he stressed.

Wang Shufang, municipal Communist Party Committee secretary for the city of Weifang said the city has worked out nine preferential measures. According to the secretary, the city will reply to matters relating to foreign investment within two weeks. All projects with foreign investment will be treated similar to the important city works projects, and foreign investors will enjoy privileges in energy resources and raw materials supply.

TIAN JIYUN COMMENTS ON ECONOMIC WORK IN SHANGHAI

OW280105 Beijing XINHUA Domestic Service in Chinese 1437 GMT 25 Nov 86

[Text] Shanghai, 25 Nov (XINHUA) -- While inspecting Shanghai's economic work, enterprise structural reforms, municipal construction, and financial and securities markets from 23 to 24 November, Tian Jiyun, vice premier of the State Council, noted that reform is the main task for next year, with emphasis on continuing efforts to invigorate enterprises, perfect market mechanisms, and improve overall management in order to ensure sustained, stable, and coordinated development in the national economy.

At a seminar attended by some factory directors and party committee secretaries in Shanghai, Tian Jiyun said: In invigorating enterprises it is vital to study the methods and forms of separating enterprise ownership from enterprise management. While state-run large and medium-scale enterprises may implement various forms of the management responsibility system, small-scale enterprises may adopt a system of leasing in enterprise management. In those small-scale enterprises enforcing the systems of leasing enterprise management there would be no changes in enterprise ownership, the profit-distribution pattern whereby the state gets the largest share, or the status of workers. As there are many businesses and service trades in Shanghai, the system of leasing enterprise management may be implemented boldly. This is not risky. Instead, it can bring vitality to Shanghai's economy next year. Its role should not be underestimated.

On municipal construction Tian Jiyun noted: Some funds for building urban infrastructures may be loaned on a trial basis. The use of funds requires a lot of learning. Limited in financial allocations, the state has to adopt the methods of administering bank funds for some of its money designated for construction purposes in order to facilitate monetary circulation. Dead funds could be activated in this way, making a coin worth several times its value.

After being briefed on the trial implementation of the plant director responsibility system by some enterprises Tian Jiyun stated: In enterprises implementing the plant director responsiblity system it is necessary to bear in mind that the plant director is the head of the factory and the legal representative of the enterprise, who assumes full responsibility for the enterprise, occupies a central position, and plays a pivotal role. However, this does not mean curtailing the party leadership. Instead, it serves to further improve and strengthen party leadership. He noted: It is necessary to have absolute faith, remain firmly resolute, and make large strides in implementing the plant director responsibility system.

Tian Jiyun said: While the increase in Shanghai's industrial output was modest early this year, normal growth has begun to appear following a series of efforts. Since the readjustment of Shanghai's industrial production structure there have been more marketable products and the overall market situation is good. He hoped that comrades in Shanghai would further liberate their minds and dare to do pioneering work in order to better handle the municipality's affairs.

HAO JIANXIU LAUDS SHANGHAI DISCUSSION ON IMAGE

OW280059 Shanghai JIEFANG RIBAO in Chinese 21 Nov 86 p 1

[Excerpt] More than 300 party members volunteered to discuss subjects they had selected themselves 11 times during 6 days. All the discussions centered on "The Image of a Communist in the New Period." After viewing the video report on the discussion, Hao Jianxu, member of the CPC Central Committee Secretariat, said: "This theme is good. A discussion in Shanghai on the image of a communist in the new period is a good form of education among party members."

Hao Jianxiu also said: "The image of a communist in a historical period is characteristic of the period. The image of a communist in the new period is not only a question we party members urgently want to solve but also a question the broad masses in society are concerned about. This discussion is of great significance, and we hope that party members will continue it."

The discussion in Shanghai on "The Image of a Communist in the New Period" is part of people's thinking on modernization, with reforms being carried out and the policy of opening to the outside world implemented. The discussion started early this year. Supported and organized by the Organization Department of the municipal party committee, the discussion has received enthusiastic responses from party organizations in various trades and professions. [passage omitted]

SHANGHAI SECRETARY SPEAKS AT GARRISON MEETING

OW290335 Shanghai City Service in Mandarin 0100 GMT 28 Nov 86

[Text] An enlarged meeting of the party committee of the Shanghai Garrison District ended on the afternoon of 27 November. Rui Xingwen, secretary of the municipal party committee and first political commissar of the Shanghai Garrison District, spoke at the meeting. He urged the commanders and fighters of units under the garrison district to play a model role in building spiritual civilization in the city.

Over the past year, the Shanghai Garrison District has launched a movement of four have's for revolutionary soldiers among all units under the garrison district. A great number of advanced collectives and individuals have emerged who have lofty ideals and moral integrity, who are well-trained, who are really up to the mark in work style, and who have fulfilled their tasks with flying colors.

At the meeting, the party committee of the garrison district cited 17 advanced collectives and 24 individuals for meritorious service.

In his talk, Rui Xingwen extended congratulations on behalf of the municipal party committee to the garrison district for its heartening achievements in combat readiness, reduction in strength and reorganization, party rectification, joint Army-civilian efforts in building spiritual civilization, training dual-purpose personnel, and basic-level construction over the past year.

SHANGHAI'S RUI XINGWEN VISITS RENOWNED WRITER

OW290601 Beijing XINHUA Domestic Service in Chinese 1533 GMT 28 Nov 86

[By reporter Chen Maodi]

[Text] Shanghai, 28 Nov (XINHUA) -- At Comrade Hu Yaobang's request, Rui Xingwen, secretary of the Shanghai Municipal Party Committee, made a special trip this afternoon to the residence of Ba Jin to visit the renowned Chinese writer.

After shaking hands with Ba Jin, who greeted him at the door, Rui Xingwen said: "When Comrade Hu Yaobang visited Shanghai last time, you were not among the comrades he met. So he asked me to see you and give you best regards on his behalf. He hoped you would take good care of yourself."

Ba Jin repeatedly said: "Thank you! Thank you! I know you are busy, and many things have to be taken care of. The prospects are bright and problems are mamy."

Sharing Ba Jin's view, Rui Xingwen said: "The prospects are bright and there are indeed many problems. But we will take one step at a time! We are working in accordance with the blueprint of Shanghai's development approved by the party Central Committee and the State Council." Ba Jin said with a smile: "Where there is work, there is hope!"

Rui Xingwen repeatedly urged Ba Jin to take good care of himself. Rui said: "You are the cream of the nation and a great writer. You must take good care of yourself at any rate."

Before he left, Rui Xingwen said: "We have conveyed Comrade Hu Yaobang's regards to you. If you have any problems with your work or any living problems, please feel free to tell us, and we will think of a way to help you solve them."

Ba Jin replied: "You are very busy. Thank you!"

STANDARD EDITORIAL ON 'ARMS-FOR-HOSTAGES DEAL'

HK290312 Hong Kong HONGKONG STANDARD in English 29 Nov 86 p 6

[Editorial: "The Buck Doesn't Stop in the USA..."]

[Text] If the whole arms-for-hostages deal with Iran wasn't so serious, the rest of the world would be sitting back for a good laugh.

Here is Ronald Reagan, arch-conservative, sworn enemy of international terrorism and Libya-bomber, despatching plane-loads of arms to Iran, via Israel.

There are the Israelis, battling the Moslems in Lebanon and elsewhere, and those Moslems are getting some of those weapons from Iran.

And finally, there is Ayatollah Khomeyni, the self-proclaimed instrument of God to vanquish that Satan-on-Earth, Ronald Reagan.

What a plot. Hollywood and Ronald Reagan, together at their best, could never have come up with something to equal this.

But, after the belly laughs, tears will be shed. Tears for those who will die in more terrorist attacks and kidnappings. It is inconceivable that Mr Reagan wasn't aware of this eventuality, just as it is unthinkable that he was unaware of the proceeds being channelled to the contras in defiance of a Congress ban.

It is probably not far wrong to say that Mr Reagan has become blinded by Nicaragua. He is determined, it seems, to wipe out the government of Mr Daniel Ortega, no matter how popular or legitimate it is, before his final term is up.

The arms shipments were not a one-shot affair. It went on for two years. It involves other governments. The wonder is that it didn't leak out much earlier.

The story is still unraveling. It should not surprise anyone if more breaches of the law are uncovered. Full-scale investigations by various agencies have been started, all very reminiscent of Mr Richard Nixon's Watergate scandal.

The same sort of stealth, the destruction of documents, the denials, confimations and more denials, the in-fighting within the White House, the dismissals and the cynical euphemisms to hide the hard facts.

But the two are very different issues. And it would also be pointless going into the moralities of Mr Reagan's actions. Governments of all hues indulge in such subterfuges, if not at the drop of a hat, then certainly when the occasion demands it. The sin is in being found out.

While there is great disenchantment amongst Americans with Mr Reagan at the moment and despair amongst allies, it is unlikely that any lasting damage has been done to either the presidency or Washington's relations with those allies. Morality has nothing to do with relations between countries.

The question Mr Reagan ought to ask himself is whether it has all been worth it. If the arms deliveries were intended to secure the release of hostages, nothing substantial has come out of it.

If, as Mr Reagan claims, the arms were buy [as published] the friendship of moderates in the Ayatollah's entourage, it was a failure. The Iranians gave the game away. If there really are moderates worth buying over, then assuredly the expose has sealed their fate.

More likely, the Ayatollah knew what Mr Reagan was up to and strung him along. After all, the anti-tank missiles, machine-guns, aircraft spare parts and communications equipment were useful, no matter where they came from. All the better if they were from the United States, since they would be compatible with arms and equipment already in use.

In blunt American lingo, Mr Reagan has simply been taken for a sucker. He is now in hot soup and will just have to stew in it. That's what comes of dealing with such irrational people as the ayatollahs.

Any leader who can send children to the warfront out of what is now largely personal pique -- the desire to rid Iraq of its leader -- cannot be rational.

But America's friends and allies would want to see a speedy resolution of the whole business. The damage to American interests in the Watergate affair was less from what Mr Nixon did than from the world's perception of a powerful nation which had lost its bearings.

The Russians went into Afghanistan, the communists stormed into South Vietnam as the United States lay prostrate. This is the danger. In our region, it may be just the opportunity the "Great Leader," Kim Il-song has been waiting for.

If we are certain that all the damage can be contained within the United States, we can surely sit back and laugh our heads off at Mr Reagan's discomfiture. Unfortunately, the damage can never be kept within the United States. And the American people, in particular Congress, should keep this in mind.

Mr Reagan's shenanigans should be stopped. Mr Reagan can also be dumped. But these things shouldn't be done at the expense of those weak Third World nations which make easy meat for the Russians.

TAIWAN DISSIDENT MAY COME TO HONG KONG

HK010536 Hong Kong Commercial Radio in English 0430 GMT 1 Dec 86

[Text] Taiwan dissident leader Hsu Hsin-liang may come to Hong Kong after failing to get on board a Cathay Pacific Airways [CPA] flight to Taiwan. But a Commercial Radio source says the government here also may not allow him in, although CPA says it would take him onboard if he has the necessary papers. He did not have them for Taiwan.

The Immigration Department and the Government Secretariat refused to comment on the reported intention to fly here.

Hsu was quoted at Narita Airport a short while ago as saying that CPA did not accept him because of pressure from Taiwan. But he vowed that he would continue exploring all avenues to get to the island this time by, what he described as, under the table measures.

He also said there was a chance he might be allowed back if he returned without fanfare, something that he would agree to.

Mr Hsu said he would keep trying until December 6th, the day of the Taiwan elections, in which he hopes to run. He is wanted in Taiwan on subversion charges.

Meanwhile, 11 of his supporters who arrived in Hong Kong yesterday have announced that they will hold a new conference here this afternoon.

GOVERNMENT URGES DIALOGUE WITH SRV ON REFUGEES

HK270319 Hong Kong HONGKONG STANDARD in English 27 Nov 86 p 4

[Text] The government is pressing for a dialogue with Vietnam aimed at repatriating those who are not true refugees.

This is one way of solving the "intractable" problem of Vietnamese refugees as the British Government has realised that "resettlement can no longer be the sole solution to the problem."

Speaking at the resumed debate on the Governor's address, the Secretary for Security, Mr David Jeaffreson, said: "The issue needs to be explored in consultation with other interested parties including the United Nations High Commission for Refugees."

Mr Jeaffreson's remarks came three days after the Umelco [Unofficial Members of Executive and Legislative Councils] Security Panel requested Whitehall to hold discussion with the Vietnamese on involuntary repatriation in view of the increasing number of "economic refugees" in the territory.

Panel members also threatened to force the government to stop receiving Vietnamese refugees if the British Government maintains its reluctant attitude in the intake of Vietnamese refugees.

Yesterday, Mr Jeaffreson reaffirmed the government's policy of accepting Vietnamese refugees on humanitarian grounds until "such times as we can be satisfied about the treatment of any who are sent back to Vietnam."

He said: "We are well aware of the contradiction between our policy on Vietnamese refugees and our very necessary policy (given our acute population pressures) toward illegal immigrants from China."

Mr Jeaffreson noted that there has been an increase in arrivals of Vietnamese refugees this year. At the end of October, 1,900 refugees had arrived compared with 950 during the same period in 1985.

He said London was naturally concerned by the "coincidence" of this doubling in the number of arrivals follow the British initiative in taking more refugees plus the noble response of the other resettlement countries.

"As far as we can tell from questioning these arrivals, they were not specially lured into coming to Hong Kong by the increase in resettlement in 1986, and in practice this increase has not been dramatic anyway."

Mr Jeaffreson attributed the sharp increase largely to the refugees' hope to a better economic life in any of the main resettlement countries.

MACAO

PRC VICE FOREIGN MINISTER ON MACAO ISSUE

OW230644 Beijing XINHUA in English 0633 GMT 23 Nov 86

[Text] Lisbon, November 22 (XINHUA) -- Visiting Chinese Vice Foreign Minister Zhou Nan said here today, "a quick and satisfactory solution of the Macao issue represents the wishes of the Chinese and Portuguese Governments and the common interests of the two peoples."

He said he was "optimistic" about achieving such a goal.

When asked about the results of his current trip on the Macao issue, Zhou Nan said that he has not come here for talks on Macao but for a good-will visit.

But he said he was sure the Portugese Government "fully understands the strong desire of the Chinese people and the determination of the Chinese Government to unify the country by the end of the century."

In response to a question of what stumbling blocks exist in the negotiations on Macao, he said the two parties have an agreement on keeping the details secret.

Zhou Nan also said Portugese President Mario Soares, Prime Minister Anibal Cavaco Silva and Minister of Foreign Affairs Pedro Pires Miranda have received the invitations from their Chinese counterparts to visit China.

Macao, on the western side of the Zhujiang River estuary in Guangdong Province, South China, was leased to Portugese merchants in the 16th century and fell under Portugese rule in 1887.

GOVERNMENT TO COMBAT ILLEGAL IMMIGRANT PROBLEM

HK280348 Hong Kong SOUTH CHINA MORNING POST in English 28 Nov 86 p 2

[Text] The Macao Government will demolish 30 squatter huts at the border area near China whose inhabitants have been making money by offering shelter to illegal immigrants.

Security Commander Colonel Proenca Almeida said the government would rehouse about 100 people as compensation for tearing down their homes.

Other measures to combat the illegal immigrant problem included the construction of wire fences in some areas along the land border, he said.

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PRC SIGNS AGREEMENTS WITH 26 DEVELOPING NATIONS

OW281907 Beijing XINHUA in English 1459 GMT 28 Nov 86

[Text] Beijing, November 28 (XINHUA) -- Developing countries are eager to help each other and share experiences in technical development, a senior official of an international meeting said here today.

Shen Jueren, chairman of the Intergovernmental Programing Exercise for Technical Cooperation Among Developing Countries (TCDC) said that representatives from 26 developing countries have reached over 200 agreements on technical cooperation since the programing exercise opened here November 24. Shen announced this at a news briefing here today.

Of the agreements, over 140 were signed between China and other participating countries, and more than 60 were among the foreign participants.

The cooperation covers industry, agriculture, energy, medical service and health work, and other fields, in the forms of providing technical training, study tours, technical consultancy services and technical guidance.

Shen said representatives from countries of the Asian-Pacific region, Latin America and the Caribbean region "have explored ways of expanding their cooperation in the spirit of equality and mutual benefit."

S.M.S. Chadha said that the "meeting is very, very successful. The agreements reached among the participants are five times those of the previous meeting held here in 1983."

The previous TCDC meeting was attended by representatives from seven countries, and more than 38 agreements of technical cooperation were reached.

Chadha is director of the special unit for technical cooperation among developing countries of the United Nations Development Program. He said tht developing countries will hold meetings on economic and technical cooperation in New Delhi in February, in Cairo in March, in Tunisia in April and in Turkey in May next year, to further their cooperation and strengthen their capacity of self-reliance.

The meeting now being held here is jointly organized by the Chinese Government, the United Nations Development Program and the United Nations Department of Technical Cooperation for Development.

The meeting will close tomorrow.

YAO YILIN MEETS TECHNICAL CONFERENCE GROUP

OW292041 Beijing XINHUA in English 1657 GMT 29 Nov 86

[Text] Beijing, November 29 (XINHUA) -- Chinese Vice-Premier Yao Yilin, said here today that China is willing to make contributions to South-South cooperation to the best of its ability.

Yao was speaking to more than 50 Chinese and foreign participants at the Intergovernmental Conference on Technical Cooperation Among Developing Countries, held here from November 24 to 29.

He said China's policy of opening to the outside world means opening to all countries, including both developed and developing ones. The Chinese Government works for the unity and cooperation with other developing countries. China is willing to expand economic and technical cooperation with all other developing countries based on the principles of equality and mutual benefit, efficiency, diversification and common development.

Yao said the developing countries will have much to do in enhancing their individual and collective ability of self-reliance by making use of their existing technological capability.

"There is a bright future for the developing countries so long as they strengthen their unity and cooperate closely." he said.

He expressed gratitude to the United Nations Development Program and the United Nations Department of Technical Cooperation for Development for their help and support the work of the U.N. development system and strengthen our cooperation with this system."

An official from the United Nations Development Program said the meeting reached some agreements on cooperation in technology. The participants hoped the agreements would be soon implemented. He said the United Nations Development Program will continue to support cooperation among the developing countries.

INTERNATIONAL TRADE SEMINAR ENDS IN BEIJING

OW282153 Beijing XINHUA in English 1828 GMT 28 Nov 86

[Text] Beijing, November 28 (XINHUA) -- A Sino-Italian contract was signed here this evening for a gasification project in Beijing, which is said to be able to increase the number of the city's gas-supplied households by half in 1990.

It was the last contract signed at a three-day international trade seminar which was held for the first time by Beijing and ended here today.

It was signed between the Shoudu (Capital) Iron and Steel Company and the Progetti International Technical Company of Italy. The Beijing company will use the new techniques of the American Texaco Petroleum Company to turn coal into cooking gas.

When the project is completed in 1990, the plant will be able to pipe gas into 400,000 kitchens, about 50 percent more than the present figure.

It is learned that urban Beijing is now supplied with 1.5 million cubic meters of coal gas in addition to about 500,000 cubic meters of petroleum a day. But the daily needs surmount four million cubic meters.

The international trade seminar attracted more than 300 business people from 94 firms in Europe, Asia and Australia, and they discussed 161 projects offered by local authorities.

They expressed their intention to pursue cooperative production with their Chinese counterparts on 108 projects -- 67 percent of the projects they touched on, an organizing official told XINHUA today.

Fifteen contracts and a general agreement were signed. The value involved reached 441 million U.S. dollars, said Zhang Ming, vice-chairman of the Beijing Commission for Foreign Economic Relations and Trade. Zhang said that the projects ranged from cooperation in the production of foodstuffs, building materials and medicine to automotive components and machinery, and farm production. "Most of the projects are in urgent demand in the capital's economic development," he said.

The Japanese Matsushita Electric Industrial company signed a contract with the Beijing Electron Tube Factory and its two administrative companies for setting up a Beijing Matsushita Color Television Tube Company.

The company, involving an investment of 160 million U.S. dollars, will be the largest Sino-foreign electronics joint venture when it is completed in 1989. Its yearly output will be 1.81 million tubes.

PRC DELEGATE ADDRESSES GATT CONFERENCE

OW271024 Beijing XINHUA in English 0835 GMT 27 Nov 86

[Excerpts] Geneva, November 26 (XINHUA) -- The 42nd annual meeting of the General Agreement on Tariffs and Trade (GATT) ended here today amid the worries of the 92 contracting parties about growing protectionism in the world. The three-day conference reviewed the current situation of world commerce and discussed preparations for the eighth round of global trade liberalization talks.

The Chinese delegation, which is here as an observer, addressed the meeting to inform the GATT member states about the preparatory work China has done for the restoration of its membership. [passage omitted]

Qian Jiadong, head of the Chinese delegation, joined other Third World nations in opposing protectionism. "Protectionism violates the trade atmosphere and shakes the very basis of the GATT system," he warned. He stated that China attaches great importance to the new round of multilateral trade negotiations.

Qian told the conference that preparatory work for the resumption of China's GATT membership is now in full swing in Beijing. "The drafting of a memorandum on China's economic and trade system, which is expected to be submitted to the contracting parties by the end of this year and early next year, is entering the final stage."

Qian said that China's economic and trade development over the year will undoubtedly contribute to the upcoming negotiations on the country's request for the resumption of its GATT membership, which was advanced last July.

The GATT decided at its current annual conference that the process of negotiations on China's request will officially start when the memorandum on China's economic and trade system is available.

RENMIN RIBAO VIEWS U.S. B-52 DEPLOYMENT

HK011001 Beijing RENMIN RIBAO in Chinese 30 Nov 86 p 6

["Jottings" by Zhang Liang (4545 5328): "Is It a New Signal?"]

[Text] On 28 November, the United States officially deployed the 131st B-52 heavy bomber equipped with Cruise missiles, thus going beyond the limit set forth by the second U.S.-Soviet Strategic Arms Limitation Treaty. A person from the Pentagon said that the reason the United States did so was that the Soviet Union had already violated this treaty long ago.

The Soviet Union reacted strongly to this. It not only categorically rejected the U.S. charge, but also asserted that this act by the United States will compel the Soviet Union to disregard the bounds of the treaty.

It appears that a dispute between the two superpowers is unavoidable. Perhaps outsiders may find it difficult to say who is right and who is wrong. However, it can be certain that their arms race will tend to spiral. To the people of various countries of the world who favor disarmament and treasure peace, this is evidently a bad omen.

The second Strategic Arms Limitation Treaty was signed by the U.S. and Soviet heads of state in 1979. Although they maintained different views and reservations on this treaty, the two sides stated verbally that they would observe the provisions of the treaty. At present, the United States and the Soviet Union are having a dialogue, holding talks on disarmament, professing their sincerity in disarmament, and striving to create an image of "peace" for themselves. However, if they continue arms expansion under the pretext that the other side has broken the treaty and pay no attention even to a treaty which is in black and white, what can be assured by these promises of disarmament?

RENMIN RIBAO ON NEW U.S. MILITARY THEORY

HK010846 Beijing RENMIN RIBAO in Chinese 27 Nov 86 p 6

["Jottings" column by Zhang Liang (4545 5328): "The Same Old Thing in a New Guise"]

[Text] It is revealed that a high-level military brain trust in the United States is currently studying the so-called theory of "low intensity conflict." [di lie du choing tu 0144 3525 1653 0394 4499]. This brain trust is composed of about 20 persons and is said to include "outstanding brains in defense" and "outstanding" figures.

The content of the theory of "low intensity conflict" has not been formally publicized yet. Some people call it "violent peace" [bao li he ping 2552 0500 0735 1627]. After going into its content, we can see that the theory is this: The United States will energetically assist its Third World allies in suppressing guerrilla forces in their countries on the condition that U.S. ground forces are not used. According to the brain trust, the theory of "low intensity conflict" can yield positive results within a few years so long as there are effective intelligence, a psychological capacity for meeting any emergency, and effective quality of the troops, and as long as the governments and causes supported by the United States are "legal."

If we scrutinize the theory, we can see that it seems to be a familiar one. Is this not the same stuff that appeared in the 1970's? In the 1970's, there were the so-called "brushfire war" and the "Asians-fighting-against-Asians" plan, which were based on the United States offering more money and guns and the Asian countries offering men. In those years, the United States planned on letting others fight its war so as to suppress struggles waged by the guerrilla forces in various countries. It did not want to be directly involved in the war, did it? However, the development of the situation was independent of its will, thus forcing it to sink deeper and deeper into an inextricable bottomless pit. Does this lesson remain fresh in people's memory?

It seems that these "outstanding" brains in the United States cannot bear loneliness and have racked their brains to produce the so-called "theory of low intensity conflict" in order to create a theory for its interventionist policy. It has also been lauding the theory to the skies. However, according the NEWSWEEK magazine, this "theory of low intensity conflict has been applied in El Salvador," resulting in the current stalemate of the 7-year war between the U.S.-supported government troops and the Salvadoran guerrilla forces. It is a grossly mistaken assertion that the theory "can yield positive results within a few years!"

Over the past years, the United States has adopted many kinds of tricks to interfere in the internal affairs of other countries but has never been successful in doing so. Today's same old thing in a new guise produced by the brains will also not get the desired result. It seems that the only wise counsel that is available is to put a stop to this kind of unpopular activity.

XINHUA REPORTS U.S. TRAINING OF CONTRAS

OW291353 Beijing XINHUA in English 0821 GMT 29 Nov 86

[Text] Managua, November 28 (XINHUA) -- The United States is training Nicaraguan "contra" rebels at an Air Force base five miles from Fort Walton Beach, Florida, the NUEVA NICARAGUA News Agency said today.

The agency said the training is being run by the Central Intelligence Agency at Hurlbut Field, east of the Florida Panhandle City of Pensacola on the Gulf of Mexico.

Adolfo Calero, a ranking contra leader, said in Washington that his troops will receive six weeks of training in the U.S., part of the large package of American aid for the opponents of Nicaragua's Sandanista government.

The U.S. was forced to train the rebels at home because El Salvador, Honduras and Costa Rica rejected its request to allow training in their territory.

SINO-AMERICAN TEXTILE TALKS CALLED 'FAILURE'

HK300232 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 19 Nov 86 p 1

[By staff reporter Dai Beihua]

[Text] China and the United States failed to reach any agreement on their textile trade dispute in the latest round of negotiations in Beijing.

Local sources said that the failure of the negotiations, on October 28-30, will adversely affect certain categories of China's exports of textile goods to the United States.

BUSINESS WEEKLY has learned that over 20 categories of goods remain in dispute, restrictions on most of which were imposed by the U.S. this year.

On the Chinese side, the negotiators sought to reach a settlement at least at the current levels of China's trade, since premature calls for unilateral restraints from the U.S. side have already caused damage to China's exporters and U.S. importers as well.

The problems in trade between China and the United States ought to be solved by constant efforts from both sides to develop bilateral trade to our mutual benefit, they felt.

Since the first agreement on Sino-U.S. textiles was signed in 1980 with eight restricted export categories of textile goods from China, 48 categories have been added.

The U.S. has also increased its demands for the imposition of unilateral restraints by China on its export textile goods. In the first 10 months of this year, 22 new items were put on the list. Therefore, more than 90 percent of China's total textile goods exported to the U.S. are now subject to restraint.

In the negotiations, China and the U.S. disagreed on the American attempt to curb China's exports of silk blends and ramie. China has not decided whether to sign the new agreement regarding international trade in textiles reached by the Textile Committee of the General Agreement on Tariffs and Trade (GATT) on July 31 this year. The Textile Committee said the fourth agreement placed stricter limitations on exports of textiles from all developing countries including exports of all vegetable fibre blends and silk blends.

This is a step backward since the basic aim of the international textile trade agreement is to liberalize textile trade progressively, Chinese sources said.

China is a noted producer of ramie and has a history of 4,000 years in ramie growing and processing. According to an article in BEIJING REVIEW, China's ramie accounts for 80 percent of the world's total. China is also a major silk producer.

China's ramie industry has developed recently in the last few years to meet world needs.

The sources said, in calling on China to impose restraint on the export of silk and ramie blends, the American side lacks legal support both in the GATT agreement, which China has not signed, and in U.S. domestic laws.

GU MU MEETS U.S. INVESTMENT DELEGATION

OW181618 Beijing XINHUA in English 1531 GMT 18 Nov 86

[Text] Beijing, November 18 (XINHUA) -- Chinese State Councillor Gu Mu met a delegation from the National Council for the United States-China Trade led by its President Roger Sullivan here today.

YANGCHENG WANBAO ON RUMORS OF KIM IL-SONG DEATH

HK010934 Guangzhou YANGCHENG WANBAO in Chinese 29 Nov 86 p 3

[Article by Ji Zhi (1323 5347): "An Exploded Rumor Embarrasses Seoul"]

[Text] On 17 November, South Korean Defense Minister Yi Ki-paek announced in Seoul after an emergency meeting of the "cabinet" that Kim Il-song, chairman of the DPRK had been "assassinated." Later, broadcasting stations and press in South Korea, as well as some of the world's news agencies, relayed and reported the "information" to the public.

On the morning of 18 November at Pyongyang's airport, Chairman Kim Il-song personally greeted visiting Jambyn Batmonh, general secretary of the Mongolian People's Revolutionary Party and chairman of the People's Great Hural. On that day, over a score of diplomats accredited to Pyongyang also went to the airport. It was learned that some people wanted to see whether Chairman Kim Il-song would appear. After the reception ceremony, a Western diplomat said, "I saw him (Kim Il-song) with my own eyes. He looked fine. Wearing a smile on his face, he walked on his own and there was nothing unusual." On 19 November, Chairman Kim Il-song, joined by Korean Workers Party Central Committee Political Bureau Standing Committee member and Central Committee Secretariat member Kim Chong-il, met activists participating in the conference on "the campaign of striving for three great revolutionary red flags," which was held in Pyongyang. They also had a group photo taken to mark the occasion. At this time, Seoul's rumor was finally scotched.

This rumor, cooked up by South Korean authorities, has caused resentment among the South Korean people. On 18 November, the New Korea Democratic Party, the major opposition party of South Korea, demanded that the "cabinet" resign immediately. Other opposition parties also expressed no confidence in the "cabinet." The South Korean authorities explained that they made the report based on information announced over a loudspeaker. In addition, they claimed that a recording had been made, pictures of something like a flag flying at half-mast had been taken and so on. But when reporters asked them to make this "evidence" public, they stalled the reporters with this and that excuses.

At present, disturbances caused by the rumor still have not subsided. Opposition party figures of South Korea's "National Assembly" are still investigating the responsibility of Yi Ki-paek and his gang in this incident. Internationally, people are also asking about the truth of the matter. Reports from KYODO NEWS SERVICE said: Officials of the Japanese Government hold that the aim of South Korea at this time was to shift South Korean people's attention to the issue of democratic politics. Since the beginning of this year, democratic movements demanding revision of the "Constitution" and practicing "direct presidential election," sponsored by the New Korea Democratic Party and the Association for the Promotion of Democracy, have risen one after another. Failing to check these movements with both soft and hard measures, the South Korean authorities recently strengthened its suppression of democratic movements. On 3 November, the South Korean authorities enforced in areas around Seoul the "emergency alert order." On 17 November, they enforced across the whole territory of South Korea the "emergency alert order" while cooking up this rumor. In addition, they sent hundreds of policemen to surround the residence of the noted democratic figure Kim Tae-chung and put him under house arrest for the 37th time since February 1985.

PRC-DPRK CULTURAL EXCHANGE PLAN SIGNED

OW291256 Beijing XINUA in English 0913 GMT 29 Nov 86

[Text] Beijing, November 29 (XINHUA) -- A 1987-88 executive plan for cultural exchange between China and Democratic People's Republic of Korea was signed here today.

According to the plan, China and Korea will conduct extensive cooperation in the fields of science, education, literature and art, journalism, public health and sports.

Song Muwen, Chinese vice-minister of culture, and O Mun-han, head of a Korean cultural delegation and vice-chairman of the Korean Committee for Cultural Relations With Foreign Countries, signed an agreement concerning the plan on behalf of their respective governments.

Prior to the signing ceremony, Chinese Minister of Culture Wang Meng and O Mun-han held cordial talks, and both expressed the hope for increased bilateral cultural exchanges and cooperation.

Korean Ambassador to China Sin In-ha was present on the occasion.

The Korean guests, who arrived here yesterday, will visit Xian in northwest China, and Guangzhou, Zhuhai and Shenzhen in south China's Guangdong Province.

DPRK MILITARY DELEGATION VISITS SHENYANG CITY

SK240735 Shenyang LIAONING RIBAO in Chinese 11 Nov 86 p 1

[Text] An 11-member delegation of the DPRK People's Army, headed by Cho Sun-paek, member of the Central Committee of the Workers Party of Korea and general of the DPRK People's Army, arrived in Shenyang City on 9 November to pay a 3-day visit to the city. Li Haibo, chief of staff of the Shenyang Military Region went to the airport to greet the Korean military delegation. Liu Jingson, commander of the Shenyang Military Region, received and hosted a banquet in honor of the guests. During their stay in Shenyang City, the Korean guests visited factories, plants, and Beijing Park.

GU MU MEETS DPRK INSURANCE DELEGATION 27 NOV

OW271427 Beijing XINHUA in English 1157 GMT 27 Nov 86

[Text] Beijing, November 27 (XINHUA) -- Chinese State Councillor Gu Mu met here today a delegation from the Korean Foreign Insurance Company led by its President Paek Myong-non.

Both sides expressed satisfaction with the smooth insurance cooperation between the two countries.

Gu Mu briefed the Korean guests on the implementaion of China's ongoing policy of opening to the outside world and situation in the special economic zones established in the country's coastal Guangdong and Fujian Provinces.

He said the application of these policies has, in general, been successful, adding that the direct foreign investment in China has so far amounted to over five billion U.S. dollars.

Paek Myong-non noted that the delegation had been impressed by their tour of the Shenzhen Special Economic Zone in Guangdong Province.

Since its arrival here November 18 as guest of the People's Insurance Company of China, the delegation has visited Yunnan and Guangdong Provinces in southwest and south China.

NPC RATIFIES CONSULAR TREATY WITH MPR 2 DEC

OW021018 Beijing XINHUA Domestic Service in Chinese 0934 GMT 2 Dec 86

[Text] Beijing, 2 Dec (XINHUA) -- The following is the decision of the Standing Committee of the National People's Congress on ratifying the Consular Treaty of the People's Republic of China and the Mongolian People's Republic adopted on 2 December 1986:

The 18th Session of the Standing Committee of the Sixth National People's Congress has decided to reatify the Consular Treaty of the People's Republic of China and the Mongolian People's Republic signed in Ulaanbaatar on 9 August 1986 by Liu Shuqing, vice minister of foreign affairs, on behalf of the People's Republic of China.

PRC-JAPAN CONSULTATION TALKS HELD IN TOKYO

OW271838 Beijing XINHUA in English 1609 GMT 27 Nov 86

[Text] Tokyo, November 27 (XINHUA) -- China and Japan have exchanged views on bilateral relations and international affairs at the 7th Sino-Japanese regular diplomatic consultation held here today.

Chinese Vice Foreign Minister Liu Shuqing made a brief review of the development of Sino-Japanese relations since the beginning of this year. Liu expressed the hope that next year, the 15th anniversary of the establishement of diplomatic relations between the two countries would see both China and Japan, in the light of their traditional friendship and the lessons existing in the history of bilateral relations, develop Sino-Japanese relations more smoothly in accordance with the Sino-Japanese joint statement and the Sino-Japanese peace and friendship treaty.

Japanese Deputy Vice-Foreign Minister Shinichi Yanai said to develop friendly relations with China is an important part of the foreign policy of Japan. Expressing his appreciation of Liu's viewpoint on the development of Sino-Japanese relations, he said the Japanese side will firmly and unshakably develop the friendly ties of cooperation with China and handle the problems standing in the way carefully and properly.

Japanese Foreign Minister Tadashi Kuranari received Liu Shuqing and his party this morning. He expressed happiness at the futherance of Sino-Japanese relations, thanked the Chinese side for inviting him to visit China, and said he hoped to pay the visit as early as possible.

The Chinese vice minister arrived here yesterday afternoon and will leave for home November 30.

PRC URGES VIETNAM TO WITHDRAW FROM CAMBODIA

HK020427 Beijing RENMIN RIBAO in Chinese 28 Nov 86 p 6

[Article by Hong Yu (3163 1342): "Withdrawing Its Troops From Cambodia Is the Only Way Out for Vietnam" -- first paragraph published in boldface]

[Text] During the war of resistance against the United States, Vietnam's military expenditure was only one-third of its total financial expenditure, but now Vietnam has to devote half of its budget to military purposes. The Vietnamese authorities have shifted the heavy burden of their aggressive war onto the Vietnamese people, thereby driving the Vietnamese people to untold misery.

The Vietnamese leaders now describe the situation in their own country as characerized by "long-term economic difficulties," "shortage of social commodities," "soaring prices," "social disorder," "unbridled spread of negative things"....

The current economic and social difficulties of Vietnam are not largely a result of eocnomic mismanagement as Hanoi's propaganda machine has claimed them to be, but a penalty for Vietnam's war of aggression against Cambodia.

After the war of resistance against the United States, Vietnam then made two 5-year plans for its national economic development. However, because Vietnam consistently carried out a policy of aggression and expansion, both of these plans failed to be realized. According to the Second 5-Year Plan (1976-1980) made by the Fourth National Congress of the Vietnamese Communist Party, the total industrial output value and the total grain production output would have been basically doubled, the average annual growth rate of the total industrial output value would have reached 16-18 percent, and the total grain production output would have increased from more than 11 million tons in 1975 to 21 million tons. However, the total industrial output value in 1980 registered a minus 9.95 percent growth as compared with 1978 and the total grain production output reached only 14 million tons. In addition, the quotas of many other main items also failed to be realized. During the Third 5-Year Plan (1981-1985), the Vietnamese authorities further lowered the quotas of various items and carried out a number of "economic reforms," but the industrial and agricultural production output quotas again failed to be fulfilled. Vietnam's magazine "COMMUNISM" said that half of the 28 important economic and social quotas set in the Third 5-Year Plan, including those of grain, coal, cement, timber, commodity export and so on, were not fulfilled. The grain production, which "enjoyed top priority" also fell very short of the quota set for the Third 5-Year Plan and failed to meet Vietnam's domestic needs. Therefore, Vietnam had to import several millions of tons of grain during that period. Vietnam suffered a serious shortage of the raw materials and energy required by its industrial production, and the equipment utilization ratio of the enterprises in Vietnam decreased from between 50 to 60 percent in the Second 5-Year Plan to between 40 to 50 percent in the Third 5-Year Plan, while commodity supplies in society also decreased a great deal.

The huge military expenditure for the war of aggression against Cambodia has eaten up Vietnam's precious economic construction funds. There are two sources for these funds: One is internal accumulation from its own national economy, the other is foreign aid. During the war of resistance against the United States, although military expenditure accounted for more than one-third of the total spending of the country, Vietnam was still able to overcome its difficulties thanks to the enormous amounts of aid provided by many countries in the world, including China, and by various international organizations and to internal accumulation from its own national economy. Now, the situation is different. Because of the protracted war of aggression against Cambodia, Vietnam's annual military expenditure now exceeds more than half of its national financial expenditure. Over the past few years, Vietnam has had almost no accumulation in its national economy. On the other hand, increasingly louder international condemnation of the Vietnamese aggression against Cambodia has led to economic sanctions. Many countries and international organizations have curtailed, frozen, or even cut economic aid to Vietnam. The loss of aid from international organizations alone has reached $500 million a year. The decrease of foreign aid has dealt a heavy blow to the Vietnamese economy, whose losses cannot be compensated for by the Soviet assistance which is largely earmarked for military purposes.

With an empty national treasury and the loss of foreign aid, the Vietnam authorities have shifted the heavy burden of an aggressive war onto its people, which has been shown in the increasingly short supply of grain rations, non-staple food, and other daily necessities and consumer goods and the high inflation rate, thereby driving the Vietnamese people to untold misery. According to reports sent by XINHUA reporters from Hanoi, in September of this year, Vietnam's "annual inflation rate may have reached 700 percent," the prices "have risen 10 times in the past year alone," and "the purchasing power of the people who live only on their salaries has become increasingly low." In his open letter published by the Vietnamese newspaper QUAN DOI NHAN DAN, one reader complained: "People's purchasing power is only 10 percent of what it was a year ago. Today, the income of two wage earners is not enough to feed a family of five with rice, not to mention the purchase of other kinds of food, clothes, and stationery." The present life of the Vietnamese people can be summed up in the following three sentences: Post-war life is inferior to the wartime life; the present life is inferior to that in the past; and things are deteriorating year by year.

What the Vietnamese authorities worry about most now is that the Vietnamese people have "lost confidence" in the "party's resolution." What has added to Hanoi's internal crisis is its growing isolation on the international scene. The number of United Nations members voting for the resolution calling for the Vietnamese military withdrawal from Cambodia has increased from 91 in 1979 to 116 this year. Even Vietnamese leaders have had to admit that the international situation is becoming "increasingly unfavorable to Vietnam."

Marx and Engels once said: "The nation that oppresses other nations is actually casting chains which will bind itself." What Vietnam has so far experienced has proved the views of Marx and Engels to be correct.

The only way for Vietnam to get rid of its difficulties is to withdraw all its troops from Cambodia as demanded by the resolution passed by the United Nations and the 8-point proposal put forward by the Coalition Government of Democratic Kampuchea, so as to remove its heavy burden and enable it to carry out normal economic construction and eventually realize Chairman Ho Chi Minh's last wish, which was to build Vietnam into a prosperous and powerful country.

RENMIN RIBAO ON 'VIETNAMIZING' OF CAMBODIA

HK260727 Beijing RENMIN RIBAO in Chinese 21 Nov 86 p 6

[Article by Zhao Heman (6392 0735 2581): "Vietnam's Control and Plunder of Cambodia"]

[Excerpts] Since its invasion of Cambodia, Vietnam has intensified its efforts to realize its plan for Vietnamizing Cambodia in an attempt to turn it into a Vietnamese colony.

First, it has strengthened its control over the Cambodian puppet government. The Vietnamese authorities have tried their best to adorn the Phnom Penh puppet government since it was rigged up in early 1979. Vietnam directed the "general election" farce in areas under its control in 1979 and a puppet congress was called, a puppet constitution adopted, and a puppet government organized. At the same time, the banner of a "people's revolutionary party" was hoisted and able-bodied men were compulsorily recruited to reinforce the puppet army. Vietnam has attempted to create a false impression of "Cambodians ruling Cambodia" and the "legitimacy of the Phnom Penh government." However, the majority of UN member countries has all along acknowledged the Coalition Government of Democratic Kampuchea as the sole legitimate government of Cambodia, and world opinion has long exposed voluminous facts on Vietnam's manipulation and close control of the Phnom Penh puppet government. [passage omitted]

Mass emigration to Cambodia is another vicious measure of the Vietnamese authorities in pushing their plan for Vietnamizing Cambodia. [passage omitted]

Vietnam's frantic pursuit of colonizing and Vietnamizing Cambodia has gone against the will of the people. More and more Cambodians have seen the true face of the Vietnamese aggressors. Like all aggressors and colonialists in history, Vietnam's evil plot of annexing Cambodia and extinguishing the Khmer is destined to shameful failure.

CHINA DAILY ON SRV'S 'IMPASSE' IN CAMBODIA

HK280144 Beijing CHINA DAILY in English 28 Nov 86 p 4

["Opinion" column by CHINA DAILY commentator: "Vietnam's Impasse"]

[Text] The premier said that the only way for Vietnam to extricate itself is for it to withdraw its troops from Kampuchea and stop hostile activities against China. China firmly backs the Kampuchean resistance, the purpose being to urge Vietnam to abandon its erroneous policy. China will not change its present line so long as Vietnam refuses to desist from activities against China and aggression towards Kampuchea.

The Vietnamese authorities have recently uttered some fine-sounding words in an attempt to create the impression of "peaceful" intent. However, even before these words are translated into deeds, they are hardly convincing to anybody.

Chinese Communist Party General Secretary Hu Yaobang stressed that the withdrawal of Vietnamese troops from Kampuchea is not negotiable. The independence, sovereignty, and territorial integrity of Kampuchea must be completely restored. For long-term stability and peaceful neighbourly relations in Southeast Asia, Vietnam's aggression against Kampuchea must, first of all, be foiled.

Meanwhile, President Li Xiannian also warned the Vietnamese authorities that it is impossible for any nation to try to wipe out another. He urged them to seek a solution to the issue on the basis of the eight-point proposal put forward by the Coalition Government of Democratic Kampuchea with Norodom Sihanouk as its head. The proposal, made last March, called for the withdrawal of Vietnamese troops from Kampuchea in two phases and the formation of a national reconciliation government with the participation of the Hanoi-installed Heng Samrin regime on an equal footing.

An equitable and lasting solution to the Kampuchean issue, the eight-point proposal has won wide world support. Vietnam can prove that it has come to its senses by reconsidering its attitude to the proposal.

It has paid dearly for its aggression against Kampuchea. Unless it draws on this painful lesson and makes amends, it will meet with furthur woe.

Vietnam's continuing armed occupation of Kampuchea has gone on for almost eight years. It jeopardizes the stability of Southeast Asia and is a serious threat to peace in Asia and the Pacific region. It has naturally been of grave concern to the whole world. On different occasions in the last few days, three Chinese leaders have commented on the Kampuchean issue and have offered their views for consideration by the Vietnamese authorities.

Premier Zhao Ziyang said that Vietnam, beset with difficulties domestically and abroad, has never been so isolated from the world community and its economy is in a shambles. He pointed out that all this is the inevitable result of Vietnam's stubborn policy of aggression to Kampuchea and hostility to China.

The premier's words appropriately described Vietnam's predicament. Even the Vietnamese authorities, themselves, have had to admit that the economy is in a far from enviable state. Because of the heavy war burden, there is widespread deprivation and unbridled inflation. Life for the ordinary people is going from bad to worse. Searching for a way out, the frustrated leadership are stumbling around.

In October, the United Nations General Assembly again adopted a resolution calling for the withdrawal of Vietnamese troops from Kampuchea. It was approved by a vote of 116 to 21, the biggest majority since the world body first took up the Kampuchean issue in 1979. This is convincing proof of increasing support for the resistance and further isolation of the aggressor.

On the battlefield, Kampuchean resistance is turning the tables. After eight years of occupation, the invaders have lost their initial momentum. Supported by more and more people, the resistance forces have left the border areas and infiltrated deep into the heartland of their own country. To the chagrin of their foes, they are carrying out intensified guerrilla operations around the immediate vicinity of Phnom Penh. Still heavier blows will certainly be inflicted on the aggressor.

PHILIPPINE'S ILETO STRESSES FRIENDSHIP WITH PRC

HK261509 Beijing International Service in Tagalog 1130 GMT 26 Nov 86

[Text] The new defense minister of the Philippines, Rafael Ileto, said 2 days ago that China is a close neighbor of the Philippines and that these two countries are good friends. The Philippines always gives much importance to the development of good relations with its neighboring countries, including China.

Ileto made this statement when he met with the Chinese press delegation. He expressed hope that the relationship between the two countries will grow stronger through mutual exchange visits.

Armed Forces Chief of Staff General Fidel Ramos was also present during this occasion. He said that in 1975, when the Philippines and China began diplomatic relations, they already had close mutual relations. He thinks that this is an important and worthwhile development between the two neighboring countries.

Two nights ago, Ileto and Ramos met with a press delegation from China. They answered questions regarding the Philippine situation. These two senior military leaders also said that they fully support the decision of President Corazon Aquino to revamp the cabinet. They said that the president directly requested on the 23d that all the cabinet members resign and she accepted the resignation of Juan Ponce Enrile, the first one to file his resignation. This was a good move and Ileto said that in this decision Mrs Aquino's standing and prestige among the Filipino people became more outstanding. He also said that the cooperation between the government and the military is becoming closer. Others who were at the press conference were the vice defense minister of the Philippines, the Armed Forces deputy chief of staff, and other high-ranking military officials. The Chinese ambassador to the Philippines, Chen Songlu, was also present.

The Chinese press delegation arrived in Manila on 18 November, headed by Ding Yongning, on the invitation of the National Press Club of the Philippines.

MALAYSIA TO EASE RESTRICTIONS ON PRC TRAVEL

OW272347 Beijing XINHUA in English 1910 GMT 27 Nov 86

[Text] Hong Kong, November 27 (XINHUA) -- Malaysia will loosen restrictions on its citizens who want to visit China if the situation is permissible, an official from the Ministry of Home Affairs revealed. At present the government only allows Chinese-Malaysians to visit China after they reach the age of 60 or older, the Malaysian newspaper SIN CHEW JIT POH reported today. This practice has been followed for 12 years since the two countries established diplomatic relations.

In the first 10 months [of] this year, 9,490 Chinese-Malaysians visited China, an increase of nearly 30 percent compared to the same period last year, the official said.

MALAYSIAN TECHNICAL, ECONOMIC MISSION FETED

OW012053 Beijing XINHUA in English 1538 GMT 1 Dec 86

[Text] Beijing, December 1 (XINHUA) -- Li Lanqing, vice-minister of foreign economic relations and trade, held a banquet here today in honor of a Malaysian Government rubber and palm oil technical and economic mission. The mission is led by Lim Keng Yaik, minister of primary industries of Malaysia.

This morning, Li and Lim held talks on strengthening trade and technical cooperation in the primary products, particularly rubber and palm oil, between China and Malaysia.

PRC NPC GROUP MAKES VISIT TO NEPAL

Meets Friendship Group

OW262120 Beijing XINHUA in English 1655 GMT 26 Nov 86

[Text] Katmandu, November 26 (XINHUA) -- A welcome meeting sponsored jointly by Nepal-China Friendship Association and Nepal-China Cultural Council was held here today in honour of the visiting delegation of the Chinese National People's Congress (NPC).

Speaking at the meeting, Poorna Bahadur M.A., chairman of the friendship association, on behalf of the two organizations said that on the occasion of the world peace year and the coming 15th world Buddhist conference held in Nepal, the visit to Nepal by the Chinese NPC delegation led by Banqen is seen as a mark of the close friendship between the two neighbours.

He praised China's support for the proposal to declare Nepal as "a zone of peace" and for the country's development.

On the rapid development of China, he noted that it is a pleasure to the countries of the Third World, especially to neighboring Nepal.

Yu Wen, deputy head of the visiting delegation, said that the Chinese delegation came to Nepal, 'a peace zone", as a mission of friendship and peace with the friendly feelings of the Chinese people and Buddhists.

He noted "peace is most valuable", which is not only for the Chinese people and Buddhists but also for the other country's people and the other religious followers. To maintain peace, he added, common efforts are necessary for the different nationalities and religious devotees.

He wished that the good-neighborly relations between the two countries would develop from generation to generation.

By helicopter, Banqen Lama today visited Lumbini, the birth place of Sakyamuni, founder of Buddhism.

Meets Foreign Minister

OW271858 Beijing XINHUA in English 1240 GMT 27 Nov 86

[Text] Katmandu, November 27 (XINHUA) -- Nepalese Foreign Minister Sailendra Kumar Upadhyaya today expressed the hope that friendship and cooperation between Nepal and China would be further developed and strengthened.

He made the remark when meeting the Chinese National People's Congress (NPC) delegation led by Banqen Erdini Qoigyi Gyancan, vice-chairman of the NPC Standing Committee.

The foreign minister also hoped that the two countries' cooperation in economy, industry and other fields would be strengthened.

Banqen said both China and Nepal belong to the Third World. They have made great efforts to maintain world peace.

He praised Nepal for its insistence on implementing an independent, peaceful and non-aligned foreign policy. He said that China consistently supports the proposal that Nepal be declared "a zone of peace."

He noted that since the Tibetan Region of China is an immediate neighbor of Nepal, there is a broad prospect for Tibet and Nepal to boost their cooperation in the fields of economy, trade, tourism and transport.

The Chinese delegation arrived here on November 24 for a one-week visit.

Meets Prime Minister

OW281353 Beijing XINHUA in English 1208 GMT 28 Nov 86

[Text] Katmandu, November 28 (XINHUA) -- Nepalese Prime Minister Marich Man Singh Shrestha said here today that on the basis of five principles of the peaceful coexistence, the development of relations between Nepal and China is an example in the relations among nations.

The prime minister made these remarks while meeting the delegation of China's National People's Congress (NPC) led by Banqen Erdini Qoigyi Gyancan, vice-chairman of the NPC's Standing Committee.

Banqen said China and Nepal are the close and friendly neighbors linked with mountains and rivers. They have made contributions to the cause of peace in Asia and the world, and have cooperated and supported each other in international affairs.

Good results have been achieved in many fields, especially in trade, tourism and transport between the Tibetan region of China and Nepal in the recent years, he said.

King Receives Delegation

OW281431 Beijing XINHUA in English 1321 GMT 28 Nov 86

[Text] Katmandu, November 28 (XINHUA) -- King Birendra and Queen Aishwarya of Nepal received here today Banqen Erdini Qoigyi Gyancan, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC), and the NPC delegation led by him.

King Birendra told the delegation that relations between Nepal and China will be as close as in the past.

The king said that the development of the friendly relations between the two countries reflected the farsightedness of the leaders of the two countries and the correctness of the steps they took since Nepal and China established diplomatic relations in 1955.

Banqen said that on the basis of the five principles of peaceful coexistence, China and Nepal always respect, trust and treat each other as equals and cooperate with sincerity.

On behalf the Chinese Buddhist Association, he presented to the king a drawing of a Buddhist temple which will be built by China in Lumbini, which was said to be the birth place of Sakyamuni, founder of Buddhism, in southern Nepal. He noted that the temple will be a symbol of the deep friendship between the Buddhists of the two countries.

Prince Greets Delegation

OW291318 Beijing XINHUA in English 0748 GMT 29 Nov 86

[Text] Katmandu, November 29 (XINHUA) -- Banqen Erdini Qoigyi Gyancan, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC) has said that the Chinese Buddhist association is willing to build a Buddhist temple in Lumbini as a contribution to Nepal's Lumbini development project.

Banqen Lama, who is leading a visiting NPC delegation, made the offer when Nepalese Prince Gyanendra, chairman of the Lumbini Development Trust, met him here last evening.

As a devout Buddhist, he said, he was very pleased to be a pilgrim to Lumbini, the birth place of Sakyamuni, founder of Buddhism, during his visit.

Nepal plans to construct Lumbini, the sacred place of the world Buddhists in the southwest of the country, into a centre of pilgrimage and tourism with international assistance.

The Nepalese prince said that China's offer to build the temple reflects the friendly feelings of the Chinese Buddhists. It will promote the development of the Lumbini project, he added.

Nepalese people appreciate China's friendly support to the proposal declaring Nepal a peace of zone, the prince said, adding Nepal will continue to make efforts for developing the friendship between the two countries.

Banqen said that the development of the friendly and cooperative relations between China, including its Tibetan region, and Nepal benefits the two nations.

Dalai Lama's Return Sought

OW300318 Beijing XINHUA in English 0300 GMT 30 Nov 86

[Text] Katmandu, November 29 (XINHUA) -- Banqen Lama of China has called on Dalai Lama, exiled in India since the 1950s, to return home and contribute to the unity of the country and to the development of Buddhism in China.

Banqen Erdini Qoigyi Gyancan, head of a visiting delegation from the Chinese National People's Congress (NPC), made the remarks in an interview with the newsmen here this evening at the royal guesthouse. He said the return of the Dalai Lama is "the common will of Chinese Buddhists and the Tibetan people."

Banqen, vice chairman of the Standing Committee of the NPC, began the visit to Nepal last Monday with a pilgrimage to Lumbini, the Buddhist holy place. He was a distinguished guest at the 15th World Buddhist Conference here on November 27.

Referring to the religious policy of China, Banqen said the Chinese Government has consistently followed a policy of freedom of religious belief since the founding of the People's Republic of China in 1949.

He said religious freedom is now protected and respected including the rights and interests of monks and nuns and the protection of temples.

On relations between Buddhists of China and Nepal, Banqen Lama said a profound friendship has been built since the establishment of diplomatic relations of the two countries in 1955.

Since Nepal is the sacred birth place of Buddha, Chinese Buddhists are willing to undertake exchanges and form comprehensive ties with Nepalese Buddhists, he added.

On relations between the two countries, Basnqen said they are "a model of firm adherence to the five principles of peaceful coexistence by countries of different social systems."

Early this morning, Banqen Lama led the prayer for long life and gave the hand blessing to some 1,500 Nepalese lamas and Tibetan devotees in Nepal at the garden of the royal guesthouse.

Delegation Leaves Nepal

OW301101 Beijing XINHUA in English 0718 GMT 30 Nov 86

[Excerpt] Katmandu, November 30 (XINHUA) -- A Chinese National People's Congress (NPC) delegation led by Banqen Erdini Qoigyi Gyancan left here this morning for home after a week-long good-will visit to Nepal.

In a message to King Birendra before his departure, Banqen, vice-chairman of the NPC Standing Committee, said that the visit was very successful. [passage omitted]

Delegation Returns

OW301339 Beijing XINHUA in English 0911 GMT 30 Nov 86

[Text] Beijing, November 30 (XINHUA) -- A delegation of the Chinese National People's Congress (NPC) led by its Standing Committee's vice-chairman Banqen Erdini Qoigyi Gyancan returned to Beijing this afternoon by special plane at the end of a friendly visit to the Kingdom of Nepal.

On board the same plane were Zhao Puchu, special advisor to the delegation, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and president of the Buddhist Association of China; and Yu Wen, deputy head of the delegation, member of the NPC Standing Committee and vice-chairman of the NPC Nationalities Committee.

Greeting the delegation at the airport were Ngapoi Ngawang Jigme, vice-chairman of the NPC Standing Committee; Chen Zaidao, vice-chairman of the CPPCC National Committee; and Nayan Bahadur Khatri, Nepalese ambassador to China.

NPC COMMITTEE SESSION ADOPTS DECISIONS, CLOSES

New Ministry Established

OW021036 Beijing XINHUA Domestic Service in Chinese 0932 GMT 2 Dec 86

[Text] Beijing, 2 Dec (XINHUA) -- Decision of the Standing Committee of the National People's Congress Regarding the Establishment of the Ministry of Supervision of the People's Republic of China.

(Adopted on 2 December 1986)

In accordance with the State Council's request, the 18th Session of the Standing Committee of the National People's Congress decides to establish the Ministry of Supervision [jian cha bu 4148 1390 6752] of the People's Republic of China to reinstate and establish the state's administrative supervisory system and intensify the state's supervisory work.

Ministry Motion Explained

OW300001 Beijing XINHUA Domestic Service in Chinese 1216 GMT 27 Nov 86

[Text] Beijing, 27 Nov (XINHUA) -- Premier Zhao Ziyang submitted to the NPC Standing Committee a motion calling for the establishment of the PRC Ministry of Supervision to restore a state administrative supervision system. Entrusted by the State Council, Vice Premier Qiao Shi explained the motion at a plenary meeting of the 18th session of the 6th NPC Standing Committee today.

Premier Zhao said in the motion: The Ministry of Supervision is designed to supervise the fulfillment of duties by government organs, government workers, and leading cadres of state-run enterprises and institutions, to ensure the implementation of state policies, laws, and regulations, to ensure smooth proceeding of the comprehensive reform and the four-modernizations program, and to further improve the socialist legal system.

Qiao Shi said: Item (8) of Article 89 of the PRC Constitution stipulates that the State Council "directs and administers the work concerning civil affairs, public security, judicial administration, supervision, and other related matters." In accordance with this constitutional stipulation, a motion was introduced by the Anhui provincial delegation at the fourth session of the Sixth NPC this year. In addition, some NPC deputies and CPPCC National Committee members have repeatedly proposed the establishment of state administrative supervisory organs under the State Council and local people's governments at and above the county level.

Qiao Shi pointed out: The proposal on the establishment of state administrative supervisory organs made by the NPC deputies and CPPCC National Committee members reflects the objective needs of our socialist modernization At present, party discipline violators are handled by the party's discipline inspection commissions, and law-breakers are handled by public security organs, procuratorates, and courts; but there are no supervisory organs to deal with administrative discipline violators. This situation prevents us from perfecting the state administration and from bringing government functions into full play in accordance with the Constitution.

In the course of the reforms of the last few years, some government organs failed to adhere to and implement state policies, laws, and regulations; and some government workers and some government-appointed leading cadres of state-run enterprises and institutions violated state policies, laws, regulations, and discipline, causing a great deal of complaints among the people. To ensure that state functionaries do upright and honest work and serve the comprehensive reforms and the four modernizations in an even better way, our government has an urgent need to establish supervisory organs to supervise government departments, government workers, and government-appointed leading cadres of state-run enterprises and institutions with regard to their implementation of state policies, laws, and regulations, and their observance of administrative discipline. These supervisory organs will improve administration, enhance administrative efficiency, and ensure the sound development of socialist construction.

He said: In the early years of the People's Republic there was a People's Supervisory Commission under our Administrative Council. In September 1954, the People's Supervisory Commission was changed to the Ministry of Supervision when the Administrative Council became the State Council. Both the People's Supervisory Commission and the Ministry of Supervision has done a great deal of effective work with good results in implementing state policies and decrees, upholding state discipline, protecting state property, and supervising government organs, state-run enterprises, joint state-private enterprises, and cooperatives. For certain reasons, the Ministry of Supervision was abolished in April 1959.

Qiao Shi said: It has been 27 years since then. Now, our political and economic situation has greatly changed. To meet the new situation, the new government supervisory organs will be different from those of the 1950's in three respects: (1) Under the new circumstances, the government supervisory organs will no longer supervise joint state-private enterprises, cooperatives and their personnel; of state-run enterprise personnel, only the government-appointed leading cadres are subject to their supervision; and the new supervisory organs will have the additional duty of supervising government-appointed leading cadres of state-run institutions. (2) The government supervisory organs will work under a system of dual leadership, as local supervisory organs at all levels shall be under the leadership of both local people's governments and higher-level governments supervisory organs. (3) The new government supervisory organs will continue to have the power to inspect, investigate, and make suggestions as their predecessors did; and to meet the needs of actual work, they will also be given certain power to take administrative disciplinary measures, up to recording a major demerit, against state functionaries and government-appointed leading cadres of state-run enterprises and institutions. At the same time, a government supervisory organ may appeal to higher-level supervisory organs or the State Council if any suggestion duly made by it according to its power is not accepted.

He pointed out: The duties of the government supervisory organs are: To inspect the implementation of state policies, laws, and regulations by those who are subject to the supervision; to supervise the handling of those who violate state policies, laws, regulations or administrative discipline; to handle accusations by any individuals or organizations against anyone who violates state policies, laws, regulations, or administrative discipline, and who is subject to this supervision; to handle the appeals made by those who refuse to accept disciplinary punishment; and to examine the disciplinary measures taken by lower-level supervisory organs against personnel appointed by the State Council or by local people's governments.

Text of Customs Law

OW291708 Beijing XINHUA in English 1443 GMT 29 Nov 86

[Text] Beijing, November 29 (XINHUA) -- Following is the full text of the new Chinese customs procedures for the foreign investment enterprises to import needed materials and parts:

Procedures of the customs of the People's Republic of China for the administration of materials and parts that enterprises with foreign investment need to import in order to perform product export contracts:

Article 1: These procedures are formulated in accordance with the provisional customs laws of the People's Republic of China and relevant provisions of the State Council for the endownment of foreign investment in order to encourage the re-export after processing of materials and parts that enterprises with foreign investment need to import in order to perform product export contracts and to expand exports to generate foreign exchange.

Article 2: Enterprises with foreign investment shall, in accordance with the provisions of these procedures, enjoy preferential treatment and shall undertake the obligations of declaring customs and paying taxes. The goods imported and exported by them shall be declared to the customs strictly according to the facts. Machinery and equipment, vehicles used in production and raw materials, fuel, completely knock-down parts, spare parts, component, sets of parts, auxiliary materials and packaging materials (hereinafter referred to as "materials and parts") shall be categorized as bonded goods and shall be subject to supervision and control by the customs.

Article 3: The imported machinery, equipment, vehicles used in production, and materials and parts referred to in Article 2 of these procedures shall be exempted from the requirement of obtaining import licenses. The customs shall inspect and release such imports on the basis of the enterprise contract or the import-export contract. For products that are processed from materials and parts imported by enterprises with foreign investment and then re-exported, at the time of re-export, the customs shall handle the inspection and release of such products in accordance with the provision of the procedures of the Ministry of Foreign Economic Relations and Trade concerning the application of import and export licenses by enterprises with foreign investment.

If imported materials and parts are used in products to be sold domestically, the enterprise with foreign investment in question shall handle retoractively import procedures in accordance with the relevant provisions of the state.

Where such products belong to the category of commodities subject to the administration of import licenses, licenses for the import of goods shall be delivered to the customs for inspection.

Article 4: The imported materials and parts referred to in Article 2 of these procedures shall be exempted from import customs duties and the consolidated industrial and commercial tax if such imported materials and parts are used in the actual processing of prodcuts for export.

The tax free materials and parts referred to above shall include reasonable quantities of imported catalysts, catalytic agents, abrasives, fuel and so on that are directly used in the processing of products for export and that are consumed in the production process.

Imported materials and parts shall be restricted to be used by the enterprise that processes products for export and such products may not be sold on the domestic market. For any imported materials and parts that are used in processed products that are, with cause and upon approval, turned to domestic sale, taxes shall be made up according to regulations, taxes may be reduced or exempted for substandard and defective products and waste and scrap materials that are created during the production process in accordance with their use value and the exercise of discretion in light of the circumstances.

Article 5: Materials and parts that enterprises with foreign investment need to import in order to produce products that are included in the list of products to replace imports approved by the department in charge as stipulated by the state shall, in light of these procedures, be treated as bonded goods and the customs shall exercise supervision and control. At the time of import, procedures for deferred payment of taxes shall be handled. When the products referred to above are supplied to domestic users, import customs duties and consolidated industrial and commercial tax on the imported materials and parts used shall be paid to the customs, and import procedures shall be handled retroactively in accordance with provisions.

If domestic users import similar types of products from abroad, they may enjoy preferential tax reduction or exemption. When enterprises with foreign investment supply the products referred to above to these users, preferential tax reduction or exemption may also be granted, provided that they shall, in accordance with the relevant provisions of the state deliver, for inspection, the certificate of tax reduction or exemption that has been approved by the department in charge.

Article 6: Materials and parts purchased by enterprises with foreign investment from the bonded warehouses of relevant departments or imported by other enterprises entrusted by the enterprises with foreign investment shall be treated the same as those imported by the enterprises with foreign investment themselves and shall be handled in accordance with the relevant provisions of these procedures.

Article 7: Enterprises with foreign investment that engage in the business of importing materials for processing shall go to the customs in the locality (or the appropriate administrative division of customs) with the relevant contracts to handle procedures for filing for the record and registration, and upon the examination of customs a manual of the customs of the People's Republic of China for the registration of materials and parts needed to be imported for processing and re-export by enterprises with foreign investment in order to perform product export contracts (hereinafter referred to as the "registration manual") shall be issued. Those enterprises that are qualified, upon ratification by the customs in the locality, may be dealt with in accordance with the administrative provisions of the customs for bonded factories that import materials for processing.

When the above-mentioned materials and parts are imported and, after processing, the finished products are exported, an enterprise with foreign investment shall make declarations to the customs at the place of entry and exit by presenting the registration manual, three copies of the customs declaration form for imported and exported goods, the invoice for the goods, packing lists and other relevant lists and certificates. The competent customs shall make annotations and comments, And then affix a seal on the registration handbook, which shall then be returned to the enterprise with foreign investment, which shall use this to handle verification and cancellation procedures at the customs in the locality (or the appropriate administrative division of customs).

Article 8: In respect of imported materials and parts imported under the items of each import contract, within 2 months after the implementation and completion of the relevant contracts, enterprises with foreign investment shall present the registration manual, the customs declaration form for imported and exported goods and other relevant documents to customs for handling verification and cancellation procedures.

For the situation of the import, storage and care, allocation for use and passing on to factories for processing of materials and parts, and the storage, export and domestic sales of the finished products after processing, enterprises with foreign investment shall set up specialized account books and shall submit quarterly statements to customs for examination. As for products with a long production period, upon the verification and approval on customs, such statements may be submitted every 6 months.

Article 9: If products processed from imported and tax-exempted materials and parts are, upon approval, sold domestically, then the enterprise with foreign investment shall, within 1 month of the date of approval, make up payment to the competent customs the customs duties and consolidated industrial and commercial tax on the imported materials and parts that were originally exempted from tax.

Article 10: Except where customs has given approval because of special reasons, enterprises with foreign investment shall, within 1 year of the date of import of the tax-exempted imported materials and parts, process them into finished products and perform the relevant contracts.

Article 11: When imported materials and parts after processing into finished products are not exported directly but instead are transferred to another production enterprise that continues processing the imported materials for re-export and that carries out reprocessing and assembly, the enterprise that imported the materials and parts shall together with such production enterprise go to customs with the purchase and sales contract or production and processing contract signed by the two parties and other relevant documents to handle transfer and verification and cancellation procedures. Such production enterprise that carries on the business of continuing the processing of imported materials for re-export shall, in accordance with the stipulations of these procedures, apply for a new registration manual, and shall comply with the relevant stipulations of these procedures and shall accept the supervision and control of customs.

Article 12: If after the importation of materials and parts any alteration, transfer, suspension or cancellation of contracts, etc. occurs, the enterprise with foreign investment concerned shall, in a timely manner, go to customs to handle procedures for alteration, transfer, or cancellation.

Article 13: In order to facilitate the business activities of carrying out processing and export by enterprises with foreign investment and by production enterprises that carry on the business of continuing the processing of imported materials for re-export, customs may, based on the actual situation, dispatch customs officers to be stationed at the factories to carry out actual supervision and control, and may examine the relevant account books. The enterprises referred to above shall provide offices and necessary facilities.

Article 14: Enterprises with foreign investment may not, without authorization, transfer or sell domestically imported materials and parts and their processed products that are bonded goods. If an enterprise concerned is found to have made a transfer, or to have sold domestically without authorization, or to have acted illegally in violation of the stipulations of these procedures, the matter shall be dealt with by customs in accordance with customs law and the relevant decrees and provisions of the state.

Article 15: These procedures shall be implemented from December 1, 1986.

Peng Zhen on Bankruptcy Law

OW010531 Beijing XINHUA Domestic Service in Chinese 1424 GMT 19 Nov 86

[Text] Beijing, 29 Nov (XINHUA) -- At today's joint group meeting of the 18th Session of the 6th NPC Standing Committee, Peng Zhen, chairman of the NPC Standing Committee, said: Our Enterprise Bankruptcy Law is also for promoting self-decision powers in state-owned enterprises, giving them better vitality, and facilitating reform of the economic system. Since we do not have experience, we can start experimenting in selected units. All new and major issues should first be subject to experiment. Tests should be conducted in handling major current problems. This is a time-honored approach, which has proved to be highly effective.

Peng Zhen said: Regarding state-owned enterprises' right of ownership and operation, Article Seven of the Constitution States: "the state economy is the sector of the socialist economy under public ownership." But this does not equate state economy with an enterprise. We now have more than 93,000 state-owned industrial enterprises. If they are taken as a whole, how can the state manage them? Article 16 of the Constitution states: "State enterprises have decisionmaking powers in operations and management within the limits prescribed by law, on condition that they submit to unified leadership by the state, and fulfill all their obligations under the state plan."

He said: Now, in addition to state-owned enterprises, we have more than 360,000 "large collectives," over 12 million village and town enterprises, as well as enterprises with Sino-foreign investments, cooperative ventures, and businesses wholly owned by foreigners. Lateral economic ties and contractural relationships exist among them. Of the hundreds of millions of contracts signed each year, some may not be honored. Some enterprises cannot repay their debts on time. This leads to a problem: Does a state-owned enterprise, as a legal person, bear limited or unlimited civil responsibility? If the responsibility is unlimited, then the state would have to repay all the debts for the enterprises. If this is the case, each contract signed should have the state's approval. This will not help solve the problem of enterprises "eating from the same big pot" of the state, nor will it stop bureaucratism. Therefore, state-owned enterprises can only bear limited responsibility. A bankruptcy law is needed to solve the problem of state-owned enterprises being unable to make a timely repayment of their debts.

Peng Zhen said: This law is currently applicable to state-owned enterprises only. At present, not many enterprises are going bankrupt. As lateral economic relationships develop and more contracts are signed, more enterprises may do so. How can the state handle this situation if it takes on all the responsibilities, while the enterprises only bear limited responsibility?

He said: The State-Owned Industrial Enterprises Law has not yet been formulated, so we have problems formulating an enterprise bankruptcy law. The crux is that enterprises have yet to acquire greater self-decision powers in operations and management; the plant directors' responsibility system has yet to be popularized, giving plant directors greater powers in directing produciton, operations and management; and workers have yet to exercise their right to democratic management of enterprises. Hence, enterprises are not ready to take up the responsibility of bankruptcy. In this sense, our enterprise bankruptcy law is also one that will promote self-decision powers for state-owned enterprises, give them better vitality, and facilitate reform of the economy.

Peng Zhen said: We still lack experience in handling bankruptcy. Many comrades have said: We are not yet equipped with the conditions for formulating this law, although the need is widely recognized. This leads to another problem: Without experience, laws cannot be formulated. Without formulating a law, there is no way to handle bankruptcy. These were the difficult tasks faced by our Standing Committee in the last two meetings. In my opinion, all we can do is to forge ahead, fully aware of the difficulties involved, and study ways to solve this problem. Solutions can be found in the problems themselves.

He said: What can we do when we lack experience? We should first conduct experiments. Tests should be conducted in handling major current problems. This is a time-honored approach, which has proved to be highly effective. It makes a great difference whether we try things out or not, whether we have a tentative or draft law before conducting experiments. As a result of consultations, we agreed to regard the enterprise bankruptcy law as a tentative one. It will be tested out after adoption, and will be implemented after the State-Owned Industrial Enterprise Law is formulated. Through trial implementation, experiences will be studied and revisions made. The State Council will decide on specific plans and measures for trial implementation in selected units.

Two Ministries Combined

OW021108 Beijing XINHUA in English 1034 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) -- China's highest legislature decided to establish a new state commission and a ministry here today.

A State Machine-Building Industry Commission will replace the existing Ministries of Machine-Building and Ordnance Industries.

China's National People's Congress Standing Committee said in a decision made at its 18th session that the establishment of the new commission is aimed at strengthening the unified management of national machine-building and weaponry enterprises.

Zou Jiahua, 60, the former minister of ordnance industry was appointed minister in charge of the commission. He studied at an industry university in Moscow, the Soviet Union, between 1948 and 1955. Since he returned home, he has been engaged in machinery manufacturing and national defense industrial departments.

The NPC Standing Committee also decided to set up a Ministry of Supervision which will reinstate the system of state administrative checks. The minister has not yet been appointed at this session.

Consular Treaties Ratified

OW021120 Beijing XINHUA in English 1050 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) — China's highest legislature agreed here today that China will participate in the International Convention on Recognition and Enforcement of Foreign Arbitral Awards.

The decision also stated that China will apply the convention only when it is dealing with arbitrations made within the territory of a country that has ratified the convention and will apply it only in disputes which, according to Chinese laws, concern contractual and non-contractual commercial affairs.

The decision was made by China's National People's Congress Standing Committee at its 18th session.

The session today also ratified three consular treaties with Italy, Mongolia and the Soviet Union.

Bankruptcy Law Adopted

OW021110 Beijing XINHUA in English 1054 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) -- China's Supreme legislature, the National People's Congress Standing Committee, adopted a trial Enterprise Bankruptcy Law at its 18th session here today.

The tentative law will be implemented three months after the establishment of a publicly-owned industrial enterprises law, which is still being deliberated.

The bankruptcy law will allow, for the first time, unproductive enterprises to go out of business. It is said to be necessary to help speed the development of the planned socialist commodity economy and the economic restructuring. It will also promote autonomous operation of publicly-owned enterprises, strengthen the economic responsibility system and democratic management and improve their operation and economic efficiency, and to protect the legitimate rights and interests of creditors and debtors.

The 17-day-long NPC Standing Committee session, which ended here today, also adopted a Postal Service Law and a Border Quarantine Law.

The Postal Service Law is aimed at ensuring citizens right to privacy. It will go into effect in January 1, 1987.

The Border Quarantine Law will go into effect May 1, 1987.

In addition, the session adopted decisions on revising the law governing elections of the National People's Congress and local people's congresses and the organic law governing people's congresses and governments at various local levels.

The drafts of a Publicly-Owned Industrial Enterprises Law and a Customs Law will be further revised in due courses before being submitting to the NPC Standing Committee for reconsideration.

ROUND-UP OF OPINIONS ON BANKRUPTCY LAW

HK281307 Beijing GONGREN RIBAO in Chinese 15 Nov 86 p 3

[Article by the editor: "A Vivid Manifestation of Initiative in Discussing and Participating in Politics — A Round-Up of Manuscripts Contributed to the Discussion on the Bankruptcy Law" — capitalized passages published in boldface]

[Text] The discussion on the formulation of the state Enterprise Bankruptcy Law started by this newspaper on 27 September has today reached the end of a stage. This experiment of a discussion on legislation has been warmly hailed by the readers. It has aroused keen response in legal circles and especially among workers. Readers have praised the open discussion of the Enterprise Bankruptcy Law in the press as an unusual reform. Of the manuscripts received, except for a small number from legal circles, most have come from factory directors (managers), cadres in charge of operation and management affairs, and workers. Though differing in their viewpoints many have put forth well-considered and justified arguments. By freely airing their own views, everyone has shown a full sense of responsibility as master of the house, discussing and participating in politics. Now, readers are provided with a round-up of the contributions received.

1. THE BANKRUPTCY LAW IS A PRODUCT OF THE DEVELOPMENT OF COMMODITY PRODUCTION. GIVEN THE EXISTENCE OF COMMODITY ECONOMY IN OUR COUNTRY, THERE IS A NEED FOR A BANKRUPTCY LAW. On this important problem, the views put forth by the contributions received are fundamentally unanimous. It is considered that our socialist economy is a planned commodity economy. Commodity production will naturally bring in its wake competition among various producers and operators. Given competition, good performers win and the bad ones lose. Due to poor management and bad methods of operations, a small number of enterprises have long been in the red. They have lost the ability to compete with others and are insolvent or on the verge of bankruptcy. This is a natural result of commodity economy in operation. Therefore, our country needs to have a bankruptcy law. In their contributions to the discussion, some individual comrades consider that ours being a socialist country, given the introduction of a bankruptcy law, the superiority of socialism cannot be given full expression. The comrades with this idea believe that they can increase their understanding through the current discussion.

2. ON THE PROBLEM OF "WHETHER THE INTRODUCTION OF A STATE ENTERPRISE BANKRUPTCY LAW MEANS LETTING THE STATE ACCEPT THE LOSS IN A BANKRUPTCY," THERE EXIST MANY DIFFERENT VIEWS. THERE ARE TWO MAIN SCHOOLS OF THOUGHT. ONE IS THAT BANKRUPTCY WOULD NOT BE A STATE LOSS. THE OTHER IS THAT BANKRUPTCY WOULD BE A STATE LOSS. Those comrades advocating the viewpoint that "bankruptcy would not be a state loss" believe that given poor management and an inability to make proper use of state resources, a failed enterprise, after being legally declared bankrupt, can transfer those resources, according to law, to creditors good at management. The fulfillment of its obligations by a failed enterprise with state resources only shows that this enterprise has forfeited the right to possess and use this part of state resources, while state ownership of this part of state resources is not lost. Those people holding this view also think that the state Enterprise Bankruptcy Law would not cause the state a loss in the case of a bankruptcy but would give state property protection, saving the state from still greater losses that would otherwise be caused by a failed enterprise's poor management.

Those holding the view that "the introduction of the state Enterprise Bankruptcy Law would mean letting the state accept the loss in a bankruptcy" consider that given the existing ownership structure, the economy of ownership by the whole people is the mainstay of the socialist economy and the state is the only shareholder and owner of enterprises owned by the whole people. [paragraph continues]

The introduction of the bankruptcy law for state enterprises would inevitably result in the socialist state suffering a loss in the case of a bankruptcy. The proper separation of state enterprise ownership and the right of operation only means the relative independence of enterprise production and would not in the least change the nature of state enterprise resources belonging to the state. With the state enterprise not owning its assets, there is no question of bankruptcy.

Apart from the above two opposing views, there are also different views aired by the contributions. 1) Any bankruptcy called for is a loss to society. Those comrades holding this view call state property social property, the reason being that it belongs to not only the state but also laborers. A certain state enterprise collapses into bankruptcy with liabilities exceeding assets. What is sold to meet its obligations is definitely social property, which is owned partially by the state and partially by laborers. 2) A bankruptcy means a partial state loss. Those comrades putting forth this viewpoint take into consideration the question of the outflow of money from a failed enterprise. They think that if the money goes to the state treasury or other state enterprises, then there is no question of the state suffering a loss in a bankruptcy. If it falls into the hands of a collective unit or an individual operator, then it is a state loss in property. From this angle, a bankruptcy is a state loss of property. 3) A bankruptcy means the loss or transference of the right to use enterprise means of production. Those comrades holding this view consider that a state enterprise just represents the use of a certain part of the means of production. That being so, a bankruptcy involving a particular state enterprise means only the loss of the right to use the means of production, or its transference. In this sense, it is more correct to describe the state Enterprise Bankruptcy Law rather, as the state Enterprise Management Law.

3. ON THE PROBLEM OF "WHETHER WORKERS' RIGHT TO WORK SUFFERS IN AN ENTERPRISE BANKRUPTCY," MOST OF THE CONTRIBUTORS CONTEND THAT THERE IS NO LOSS OF WORKERS' RIGHT TO WORK. Those comrades holding this view stress that "the right to work" and the "work opportunity" represent two different concepts. They believe that what workers lose in a failed enterprise is a particular opportunity to work in a given period of time and is no encroachment on the equal right to work. The Constitution says that the right to work is a citizen's fundamental right. This fundamental right will not be lost except in the case of a citizen's death. As to those waiting for work because of an enterprise bankruptcy, this only means that an existing job of a mental or manual worker no longer exists, or the loss of a given condition for the realization of the right to work. Once this condition is available, this right can be realized. Some comrades think that letting an enterprise go bankrupt helps people more in realizing the right to work. The reason is that the right to work is not just confined to a particular enterprise without any change ever occurring before it can be realized. The rational mobility of labor is an objective demand of social mass production. A worker as such not only wants no encroachment on the right to work but also craves to see the effectiveness of his own work.

A small number of people hold the view: GIVEN AN ENTERPRISE BANKRUPTCY, THE WORKERS' RIGHT TO WORK IS NOT LOST FOREVER, BUT, FOR VARIOUS REASONS, A NUMBER OF WORKERS WILL REMAIN UNEMPLOYED FOR A PERIOD OF TIME. The threat to skilled and capable workers in the prime of life is not great. But workers not so well equipped suffer a relatively big threat. The latter will remain jobless for a period of time, being unable to find new employment.

4. ON THE PROBLEM OF "WHETHER THE STATE ASSUMES UNLIMITED RESPONSIBILITY FOR A STATE ENTERPRISE BANKRUPTCY," ONE VIEW IS THAT THE STATE SHOULD NOT SHOULDER UNLIMITED RESPONSIBILITY. The reason is that a general rule of our civil law says that an enterprise, as a legal person, assumes civil responsibility for the property left in its care by the state. [paragraph continues]

This determines that the enterprise/legal person assumes civil responsibility in a limited way. This rule draws a clear line of distinction between the state and an enterprise where property responsibility is concerned. There is no need for the state to assume unlimited responsibility for an enterprise.

Another view is that WHEN THE STATE OPERATES DIRECTLY AS THE ONLY SHAREHOLDER IN A STATE COMPANY, ITS ASSUMPTION OF ONLY LIMITED RESPONSIBILITY GOES AGAINST LEGAL THEORY.

5. "THE STICK SHOULD BE USED ON THE RIGHT TARGET." ON THIS POINT, RELATIVELY MUCH IS VOICED IN THE CONTRIBUTIONS RECEIVED. Some comrades raised the questions: Who assumes responsibility for the good or bad performance of an enterprise? Who should suffer the consequences when an enterprise is on the brink of bankruptcy? It is held that in our country, the government is still the mainstay of economic behavior. Administrative means continue to play a part in the economic area. The factory director or manager is actually still not a real entrepreneur and is instead a representative send down from the upper-level organ in charge. An enterprise has still not become a real legal person. It is believed that a factory director's decisionmaking power is an indication of an enterprise's external freedom, while workers' democratic management is a mark of internal freedom. These two kinds of freedom are at present limited to different enterprises. Therefore, some comrades consider that if the "stick" is used on the body of the "daughter-in-law" who has no real decisionmaking power, it means not hitting the target. If issuing orders and commands can be an excuse for immunity from responsibility for bankruptcy, while the workers of a failed enterprise suffer the consequences, then it is really unfair.

6. "THE IMPORTANT THING IS TO BUILD A NEW OWNERSHIP STRUCTURE." "THERE MUST BE A NEW THEORETICAL BREAKTHROUGH." This acute question was raised in the discussion by some people in theoretical circles and enterprise workers. They consider that our country's existing ownership structure does not help the implementation of the bankruptcy law. In line with the demands of commodity economy, we must transfer ownership of existing enterprises owned by the whole people, so that the means of production can be wholly or partly linked directly with workers to encourage enterprises to assume the risks of operation and relevant responsibility. We must switch over from the existing unitary pattern of public ownership, with ownership by the whole people as its mainstay, to a new pattern of ownership in various forms -- ownership by the whole people, ownership by shareholders, enterprise ownership, collective ownership, and so forth -- with public ownership as its mainstay. These comrades consider that as far as the development of commodity economy is concerned, the most ideal form of ownership is ownership by shareholders. In this way, the state, the enterprise, and the workers can share ownership as the main body of owners. Through a controlling interest, the state can guide the direction of operation according to company regulations, the way the board of directors is controlled, to realize a given state plan. It can also legally prevent the shares owned by the state from being involved in a bankruptcy. The state can reduce or adjust its shareholding in an enterprise depending on the state of its operations. Those comrades holding this view consider that the above pattern provides a theoretical basis for the formulation and implementation of a bankruptcy law and conditions for its implementation.

Concerning the need to publicize the legal system, readers have also put forward many good suggestions. We will seriously consider these suggestions and strive to carry them out to give further play to the masses of workers' enthusiasm in discussing and participating in politics.

JINGJI RIBAO ON NECESSITY OF BANKRUPTCY LAW

HK261003 Beijing JINGJI RIBAO in Chinese 11 Nov 86 p 3

[Article by Gu Ming (7357 2494): "Why It Is Necessary for a Socialist Country To Formulate a Bankruptcy Law" — capitalized passages published in boldface"]

[Excerpts] The draft bankruptcy law was seriously and enthusiastically discussed at the 17th meeting of the 6th NPC Standing Committee. At the meeting, various members of the Standing Committee expressed their opinions from several viewpoints. This gives us an idea of how democratically and seriously the country's highest organ of state power makes decisions on proposed laws. All this can contribute much to the further perfection of the enterprise bankruptcy law.

It is a very important thing to study the history of the bankruptcy law, the relationship between our commodity economy and the bankruptcy law, the problem of whether the bankruptcy law should be enforced in publicly owned socialst enterprises, and the problem of how to learn from foreign countries' experience in enforcing their bankruptcy laws, to have a clear understanding of these problems, to give impetus to the ongoing reform of the country's economic structure, to improve socialist economic results, and to try to perfect the economic structure. I would like to express my opinions on these problems in this article so that they can be discussed by the public. [passage omitted]

At the socialist stage, it is still necessary to develop commodity economy. To develop commodity economy, it is first necessary to have a market system, to adhere to the law of value, and to pay close attention to such things as the relationship between demand and supply, profits, and competition. Competition means survival of the fittest. On 10 November 1958, at a conference in Zhengzhou, Chairman Mao told us not to be afraid of capitalism because there would be no capitalism. Commodity economy is a useful tool. It will dutifully serve us. Now, we are formulating a bankruptcy law in accordance with the requirements of the development of our socialist planned commodity economy. This bankruptcy law is also a means, or a tool. It will dutifully serve socialism. [passage omitted]

THE PURPOSE OF THE ENFORCEMENT OF OUR BANKRUPTCY LAW IS NOT MERELY TO SOLVE THE PROBLEMS OF CREDITORS' RIGHTS AND OF VARIOUS PARTIES' LIABILITIES. WHAT IS EVEN MORE IMPORTANT IS THAT WE WANT TO HAVE A CLEAR UNDERSTANDING OF THE SITUATION, TO DETERMINE WHERE BLAME LIES, AND TO TRANSFORM RULE BY LEADERS INTO RULE BY LAW. ALTHOUGH THE PROMULGATION OF THE BANKRUPTCY LAW MAY PRODUCE GREAT SHOCKS AND PRESSURE THESE SHOCKS AND THE PRESSURE CAN, HOWEVER, BE TRANSFORMED INTO A DRIVING FORCE.

One way to deal with bankrupt enterprises is to order them to shut down, suspend operation, amalgamate with others, or switch to the manufacture of other products, or to let the state take them over, that is, to try to solve the problem of "eating from the same big pot" by eating from the same big pot. Another way is to enforce the bankruptcy law and wind them up. If an enterprise goes bankrupt, there is the question of whether government takeover is preferable to the enforcement of the bankruptcy law or vice versa. I think that it is better to enforce the bankruptcy law, to wind it up, and to order it to declare itself bankrupt because, by doing this, we can educate the masses and cadres and make them realize that there are well-defined duties incumbent on each person and each post, that plant directors and higher authorities all have their responsibilities, that people who are legally responsible for anything wrong should be handled by law, and that all people are equal before the law. [paragraph continues]

This can transform rule by leaders into rule by law and is in keeping with the overall direction of the reforms. China is a socialist country with an economy characterized by public ownership. This economy is fundamentally different from a capitalist economy, which is characterized by private ownership. The purpose of the enforcement of our bankruptcy law is not merely to solve the problems of creditors' rights and of various parties' liabilities. What is even more important is that we want to have a clear understanding of the situation, to determine where blame lies, to sum up experience, to improve our work, to reduce losses, and to uphold the country's interests. All this is a fundamental characteristic of a socialist bankruptcy law.

While the draft bankruptcy law was being discussed, those who participated in the discussion suggested that the promulgation of the bankruptcy law would produce great shocks. Actually, shocks and pressure can be transformed into a driving force. The purpose of the formulation of the bankruptcy law is to consolidate and help enterprises on the verge of bankruptcy and to prevent bankruptcy, and the purpose of warning them is to spur them on, to help them reorganize their work and make renewed efforts, to prevent bankruptcy, and to try to reduce the number of bankruptcy cases. This is beneficial to both the country and the people. There are also people who are worried that although the bankruptcy law can help us improve management and promote production, the impact on society will be too great if particularly important enterprises and enterprises whose services are crucially important to the people's livelihood go bankrupt. Regarding this, we can incorporate special provisions in the bankruptcy law. This means that in the event that any important service enterprise which is of crucial importance to the national economy and the people's livelihood goes bankrupt, the state will make overall arrangements and try to solve the problem. However, if the problem is a policy problem concerning subsidies, a specified amount of subsidies will be provided. This is favorable for the country's stability and unity and can ensure that no great shocks will be generated. Apart from Chinese enterprises, there are also foreign enterprises, joint ventures, and cooperative enterprises in the country. In dealing with foreign investors, we must respect contracts, laws, international agreements, and the international practices we subscribe to. If they should indeed go bankrupt, we must not force them to consolidate themselves. Concerning these enterprises, there will be separate provisions.

In conclusion, it is a bad method if the state is required to take over bankrupt enterprises without bothering about who is directly responsible and whose leadership has caused the trouble. Very often, leading cadres can still remain at their posts and workers can continue to receive premiums even if their enterprises have lost all their money and property. This means that we have not made a distinction between right and wrong and that it makes no difference whether one does one's work satisfactorily or not, whether one does or does not do one's work, or whether one does much or little work. In this way, those who do their work poorly, who do no work, or who do little work can take advantage of those who work hard and who do their work satisfactorily. Moreover, the poor can lead a parasitic existence by relying on the rich. All this can only encourage lazy people and bureaucracy, which is not in keeping with the principle of distribution according to work. In addition, this is also unfair and unreasonable.

Of course, in a socialist country like ours, we should be responsible for the laid off workers when their enterprises have gone bankrupt. Where conditions permit, they should be offered new jobs. Those who have reached retirement age should retire. Those who do not have jobs temporarily will be entitled to unemployment benefits. The social security system will be implemented among those who are incapacitated or who have lost their ability to work. To sum up, we should make the most of the advantages of the socialist system so that each worker has a role to play. [passage omitted]

THE SITUATION OF REFORM AND ECONOMIC DEVELOPMENT INDICATES THAT THE TIME TO IMPLEMENT A BANKRUPTCY LAW IS RIPE AND THAT IT WILL NOT LEAD TO SOCIAL TURBULENCE.

In my opinion, it is not dangerous at all to implement the bankruptcy law. First, we have scored tremendous achievements in fulfilling the Sixth 5-Year Plan after undergoing the 8 years' reform. Second, our agriculture and heavy and light industry, accumulation and consumption, and production and standard of living have either increased or improved remarkably. The current situation, characterized by political unity and social stability, is excellent. According to a survey made by the Shanghai Municipal CPC Committee, only 22 enterprises incurred deficits in 1985, accounting for 3 per 1,000 of Shanghai's 8,000 industrial enterprises, the number of those on the verge of bankruptcy was fewer, and the number of people waiting for jobs was 12,000. According to a survey of 3,700 collectively owned industrial enterprises conducted by Shenyang in 1985, only 11 incurred serious deficits and only 3 had to be dealt with. Of these 3, only 1 had to go bankrupt and some 20 workers had difficulties in finding new jobs. Naturally, the circumstances of each province, municipality, or autonomous region may be different from those of others. The number of enterprises in the country making losses has increased in the first half of this year and the level of deficits has also outstripped that of 1985. This consequence is due to various reasons. With the effective measures adopted by the State Council, the situation has changed. There is now a movement in the use of funds and production has increased. Viewed from the general trend, the reform of the economic structure, focused on urban areas, is developing in depth, the decisionmaking power and vitality of enterprises are being enhanced, a market system is taking shape, the price system is being readjusted, and economic legislation is undergoing perfection. Viewed nationwide, there are surpluses in agriculture, industry is advancing amid reform, the question of unemployment is basically solved, and the overall situation is good. Therefore, the time to implement the bankruptcy law is ripe. Moreover, it will not lead to social turbulence.

HU YAOBANG MEETS HONG KONG BUSINESSMAN 28 NOV

OW291258 Beijing XINHUA in English 1057 GMT 29 Nov 86

[Text] Beijing, November 28 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, said here today that he hoped that the Hong Kong compatriots would combine patriotism with the concern for their own well-being.

"Our general objective is to make the whole Chinese nation strong and prosperous," he told Deacon T.K. Chiu, chairman of the Far East Group of Hong Kong, here today in Zhongnanhai.

Hu also discussed with Chiu cooperation between Chinese and Hong Kong TV stations.

Xu Jiatun, director of the Hong Kong branch of the XINHUA News Agency, was also present.

SHANGHAI SELLS TRANSFERRABLE BONDS 1 DEC

OW012045 Beijing XINHUA in English 1514 GMT 1 Dec 86

[Text] Shanghai, December 1 (XINHUA) -- The Shanghai branch of the Industry and Commerce Bank of China began selling transferrable bonds worth of 100 million yuan (27 million U.S. dollars) to individuals today. This is the first time in China that this type of bonds are issued, bank officials told XINHUA, adding that the bonds can be transferred, resold or used as mortgages in security markets.

Thousands of people lined in front of the city's 89 bank offices to buy the bonds, which have an annual interest rate of nine percent: higher than that of time deposits. And 22.78 million yuan (6.1 million U.S. dollars) in bonds were sold the first morning the bank officials said.

Money raised from the bond sales will go in the form of loans towards state enterprises in need of operational funds, and to collectively-owned projects being constructed which are liable to yield good returns.

WANG FANG ADDRESSES ZHEJIANG SCIENCE CONGRESS

OW280401 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 26 Nov 86

[Excerpts] The fourth Congress of the Zhejiang Provincial Association for Science and Technology opened in Hangzhou today. [passage omitted] Wang Fang, secretary of the provincial party committee, addressed the congress. Wang Jiwu, chairman of the provincial Association for Science and Technology, delivered a work report.

Comrade Wang Fang said: Being an organization representing many different branches of learning and having a lofty status, the Association for Science and Technology will play a special role in helping leaders make policy decisions in a democratic and scientific manner. Comrade Wang Fang stressed that, in principle, before any future decision is reached about all matters concerning the formulation of a major macroscopic economic policy or a major economic development strategy or plan, readjustment of economic policy, finalization of key construction projects or adoption or importation of major technology for removation, the Association for Science and Technology and other scientific and technological departments concerned should be asked to conduct a study or offer consultations concerning its feasibility. [passage on Wang Jiwu's work report omitted]

WANG FANG AT HANGZHOU SWIMMING CEREMONY

OW261037 Beijing XINHUA Domestic Service in Chinese 1154 GMT 25 Nov 86

[Excerpts] Hangzhou, 25 Nov (XINHUA) -- A foundation-laying ceremony was held here this morning for the "Yugang swimming area" project to be constructed with funds donated by Mr Bao Yugang [Yue-kong Pao], chairman of the board of directors of the Hong Kong Worldwide Shipping Group. [passage omitted] Addressing an ensuing cocktail party, Wang Fang, secretary of the Zhejiang provincial party committee, said: "Mr Bao Yugang's lofty moral character manifested in his love for the motherland and native place will encourage the Zhejiang people to strive ceaselessly for the prosperity of this province." [passage omitted]

GUANGDONG SHOWS STEADY ECONOMIC PROGRESS

HK010818 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 29 Nov 86

[Text] While reporting to the 23d meeting of the 6th provincial People's Congress Standing Committee yesterday afternoon, (Yuan Naixuan), deputy director of the Structural Reform Office of the provincial government, said: This year, urban economic structural reform in our province has been consolidated and developed, a new breakthrough made in its lateral economic ties, and a new system of socialist macroeconomic managment gradually appraised in the course of exploration.

(Yuan Naixuan) said: This year, our province has vigorously carried out pilot projects on some new reform measures. For example, in the aspect of strengthening the vitality of enterprises, through organizing a large-scale inspection, our province has adopted methods, such as carrying out inspection and implementation and helping enterprises get rid of their worries and resolve their difficulties at the same time, so as to futher impel the exercising of enterprises' decisionmaking power. On the basis of implementing the system of factory director or manager assuming full responsibility, our province has also implemented the system of factory director or manager assuming full responsibility for fulfilling his target during his tenure of office. In the aspect of reform of the labor system, our province has universally implemented the system of labor contract. In the aspect of lateral economic ties, a new breakthrough and development has been made in the scale, scope, and form. Our province has also made new progress in further developing and perfecting the market system, exploring and establishing a new system of socialist macroeconomic management, and so on.

Impelled by reform and opening up, the steady development of the national economy of our whole province has been maintained this year.

HUBEI PARTY COMMITTEE HOLDS PLENARY MEETING

HK290609 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 28 Nov 86

[Excerpts] The Sixth Enlarged Plenary Session of the Fourth Hubei Provincial CPC Committee was held in Wuchang from 17 to 28 November. During the session, State Council Premier Zhao Ziyang and Vice Premier Li Peng met all the participants and were photographed with them as a momento.

The meeting stressed that it is necessary to follow the demands of the overall arrangements, grasp the two civilizations together, further emancipate our minds and movements, carry out reforms, blaze new trails, advance as far as we can, and work hard to climb a step higher.

Provincial party committee Secretary Guan Guangfu and Deputy Secretaries Guo Zhenqian, Zhao Fulin, Wang Qun, and Qian Yunlu presided at the session. Guan Guangfu delivered a summation speech on studying and implementing the resolution of the Sixth Plenary Session, on the situation, tasks, and measures after achieving the first doubling, and on strengthening the building of the party. Guo Zhenqian spoke on the current economic situation and next year's economic work. Zhao Fulin and Qian Yunlu respectively conveyed the spirit of the eighth meeting of the Central Discipline Inspection Commission and the spirit of the central rural work conference, and gave intitial views on implementing them. The session was attended by 530 persons. [passage omitted]

The meeting held that, since the 3d Plenary Session of the 11th CPC Central Committee, Hubei has gradually enhanced its understanding of building spiritual civilization and gradually strengthened work in this respect. A number of advanced units and individuals have emerged, and some experiences have been accumulated. However, the question of how to step up the building of spiritual civilization in the new historical period is, after all, a new topic. The session therefore pointed out: In studying and implementing the resolution of the Sixth Plenary Session, it is essential to make great efforts in the following aspects:

1. Thoroughly implement the spirit of the resolution, and grasp its basic viewpoints, spiritual essence, and main demands.

2. It is essential to attach importance to renovation of concepts.

3. It is necessary to seriously formulate plans based on reality in accordance with the resolution's demands.

4. Carry out work in a sound and practical way.

It is estimated that this year the province will achieve its first doubling of total industrial and agricultural output value. There has also been a certain degree of improvement in economic results. This is the result of the cadres, party members, masses, and PLA throughout the province seriously implementing the central principles and policies, persevering in reform in light of the province's actual conditions, working hard, and clearing the way to forge ahead.

What is to be done after the first doubling is achieved? The meeting pointed out that the main measures to be taken are: 1) Proceeding from the new situation of the eastward shift of the focus of national construction, correspondingly readjust the path for the province's industrial development. 2) Continue to strengthen the agricultural foundation, improve the production conditions, and strive to climb a step higher in agriculture. 3) Vigorously open up domestic markets and speed up the development of foreign economic relations and trade. 4) Resolutely rely on science and technology, and work hard to train talented people. 5) Unswervingly continue to do a good job in reforms.

The meeting pointed out: The primary tasks in rural work next year are to continue to carry out reforms, get a thoroughly good grasp of grain production, continue to rationally readjust the rural production structure, continue to step up the economic development of poor areas, and maintain continual growth in the peasants' income.

In industrial work next year, we must focus on invigorating the enterprises, improve the quality of the enterprises, improve their external conditions, and promote sustained and steady growth in industrial production. We must continue to control the size of investment in fixed assets and ensure the key construction projects. We must improve the work of earning foreign exchange from exports and of importation, be still more bold in using foreign investment, and speed up the progress of economic construction.

We must further clear the circulation channels and invigorate circulation, so as to stimulate the development of production. We must strengthen price supervision and control and maintian basic price stability in the markets. We must vigorously develop new sources of finance, strictly control expenditure, and strive for a balanced budget. We must speed up the process of fiscal reforms, futher enliven capital, and stimulate the development of commodity economy.

The meeting stressed that to do a good job in next year's work and lay a good foundation for the work of the next few years, the key lies in continuing to improve and strengthen party leadership over all work. In view of the current actual conditions in Hubei, we should concentrate on the following tasks in strengthening party building:

1. Strengthen the building of the leadership groups at and above county level. Stepping up the building of ideology and work style is the regular and main task in this respect. The focus must be on strengthening the leading members' party spirit and on straightening out party style.

2. Strengthen the building of the grass-roots party organizations. At present, in strengthening the building of the party's grass-roots organizations, the main effort should be focused on doing a good job in village-level party rectification. Through grass-roots party rectification, we should build the grass-roots party organizations into strong cores leading the peasant masses to develop commodity economy and get rich through hard work. We must persevere in conducting education by positive example, attach importance to ideological building, and guide the rural party members to renovate their concepts.

3. Strive to turn policy-making by the leadership into a democratic and scientific affair. In recent years, the party committees at all levels in the province have done some useful exploration in this respect. However, this is only a start. Judging by past experience, the party and government leaders at all levels especially need to turn their policy-making on the following major issues into a democratic and scientific affair: 1) on questions of principles and policies; 2) on major measures in reform; 3) on formulating national economic plans; 4) on deciding on major construction projects; 5) on the transfer and allocation of cadres.

The leaders at all levels must carry out active exploration in these respects and gradually accumulate experience, so as finally to switch from individual and [word indistinct] policy-making to scientific policy-making. Such a switch will be beneficial for overcoming bureaucratism, improving work efficiency, and bringing into full play the enthusiasm and creativity of the cadres and masses.

SHENZHEN LIFTS RESTRICTIONS ON FOREIGN EXCHANGE

HK270823 Hong Kong WEN WEI PO in Chinese 26 Nov 86 p 3

["Special Dispatch" from Shenzhen: "Shenzhen Removes All Restrictions on Foreign Exchange Prices, Expands Scope of Transactions"]

[Text] The Shenzhen Special Economic Zone has decided to take further measures to lift restrictions on the foreign exchange market. As a result, enterprises within the zone may engage in foreign exchange transactions through the Shenzhen Foreign Exchange Adjustment Center. The price of transactions may be determined by the buying and selling parties, while the center will charge a commission of 2 to 3 per 1,000. Customers of the center include all Chinese and foreign enterprises and institutions. While self-employed workers and inhabitants may sell foreign exchange at the center, they are not allowed to buy.

The lifting of restrictions on foreign exchange transactions became effective in Shenzhen on 17 November. However, it is still restricted within the special zone and is expected to be extended to Baoan County in the near future. [paragraph continues]

A few days ago, the Shenzhen City government promulgated a new provisional regulation on management over foreign exchange adjustment which stipulates that the amount of foreign exchange that can be sold by enterprises or individuals includes: 1) The portion of foreign exchange that the foreign-exchange-earning units are entitled to retain according to the relevant state regulations; 2) the portion of foreign exchange retained according to regulation by units that have fulfilled their assigned quotas; 3) the portion of foreign exchange earned by enterprises and institutions that is allowed to be used in Shenzhen; 4) the retained portion of foreign exchange earned by self-employed workers and inhabitants through border trade; and 5) foreign exchange earned through other means and approved by the city foreign exchange management bureau. Foreign exchange purchased by the units should be used mainly to import materials or technology badly needed for production and for other purposes including circulation.

Since the establishment of the Shenzhen Foreign Exchange Adjustment Center in 1985, foreign exchange transactions of the enterprises within the special zone can be carried out legally at rates higher than the state exchange rate. As the restrictions on prices are not totally lifted, the adjustment center has stipulated that the transaction prices should only fluctuate under the exchange rate of $1 to 5 yuan and not go higher. The rate is often lower than the exchange cost and far below the black market rate. Consequently, the number of those who intend to buy foreign exchange at the adjustment center outstrips the number of sellers, resulting in supply falling short of demand. It is expected that the lifting of restrictions on foreign exchange transactions will play an active role in the management of the foreign exchange market in the special zone and restrict black market transactions.

It has been reported that many enterprises do not yet know that the prices of foreign exchange transactions can be negotiated at the adjustment center. Many units visit the adjustment center to make enquiries rather than transactions.

GUANGDONG APPROVES BANKRUPTCY LAW FOR SHENZHEN

OW292022 Beijing XINHUA in English 1627 GMT 29 Nov 86

[Text] Guangzhou, November 29 (XINHUA) -- The Guangdong Provincial People's Congress Standing Committee approved the "Bankruptcy Regulation Concerning Companies Involving Foreign Investment in the Shenzhen Special Economic Zone" (draft) here today.

According to a report, the Shenzhen Special Economic Zone had 980 registered Sino-foreign joint-venture companies, cooperative enterprises, enterprises with sole foreign investment and Sino-foreign limited companies by the end of June this year.

Most of the enterprises have succeeded in obtaining economic and social benefits. Altogehter, 121 enterprises were reported to be in the red last year and a few of them have actually gone bankrupt.

The property of bankrupt companies will be sold to provide employees' wages and labor insurance, state taxation and creditors.

Employees of the bankrupt enterprises will receive basic living expenses during their period of unemployment.

LIAONING OFFICIALS VISIT WRITERS MEETING

SK010600 Shenyang Liaoning Service in Mandarin 1030 GMT 28 Nov 86

[Text] This afternoon, Quan Shuren, secretary of the provincial party committee; Sun Qi, deputy secretary; and Lin Sheng, vice governor; visited representatives of writers to the second plenary session of the fourth board of directors of the Liaoning branch of the China Writers' Association in Shenyang. They talked freely with the writers on the provincial cultural and art fronts' achievements in the past year.

After listening to briefings given by comrades of the provincial Writer's Association on their efforts to basically eliminate the leftist influence in literary and art creations, and to score great achievements in unceasingly safeguarding freedom in creation, and in building the socialist spiritual civilization, Comrade Quan Shuren said excitedly: In 1981, you comrades set a goal on striving to foster China's top-grade writers and literary creations in the province in 5 to 10 years. You have achieved initial success in just 5 years. Many writers have become members of the board of directors of the China's Writers' Association and more than 10 pieces they produced have exerted influence on the whole country. In this year alone, they have published some 20 long novels. This is the result of their efforts to go deeply into the reality of life and to work hard in the course of practice. Let me extend congratulations to them. He said: The socialist practice is calling our writers. We sincerely hope that the writers throughout the province will enhance their sense of responsibility and mission, enrich their ideology, and write more good works with distinct meanings of our age.

LIAONING'S QUAN SHUREN INSPECTS MOUNTAINOUS AREA

SK280359 Shenyang Liaoning Service in Mandarin 2200 GMT 27 Nov 86

[Text] Quan Shuren, secretary of the provincial party committee, recently inspected the primary and middle schools of the five counties in the eastern mountainous area of our province. He pointed out: In the future, our province should readjust the proportion of its overall investment in construction, with the investment in education increased appropriately. Financial departments at various levels should allocate more from their surplus flexible funds to support education. Comrade Quan Shuren urged all localities to eliminate all dangerous school buildings within 1 or 2 years, and try to improve the competence of teachers as quickly as possible through correspondence courses or classes for advanced study. During the inspection tour, Comrade Quan Shuren was very pleased to see that there were so many new school buildings in the rural areas. He said that people have strategic foresight to invest in education when they have money.

LIAONING'S SECRETARY UNVEILS STUDIO NAMEBOARD

SK280513 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 27 Nov 86

[Text] On the morning of 27 November, a new nameboard bearing the characters "Liaoning Film Studio" written by Hu Yaobang, general secretary of the CPC Central Committee, was hung on the door of the studio. Quan Shuren, secretary of the provincial party committee, unveiled the new nameboard. Present on the occasion were Lin Sheng, provincial vice governor; Ji Zhong, chairman of the provincial Scientific and Technological Committee; Lin Yan, deputy director of the Propaganda Department of the provincial party committee; [name indistinct], director of the provincial Radio and Television Department; and representatives from the provincial Film Artists' Association.

GANSU SECRETARY STRESSES IMPLEMENTING RESOLUTION

HK300117 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 29 Nov 86

[Excerpts] An enlarged plenary meeting of the provincial party committee's Standing Committee, which concluded today, stressed that while repeatedly studying in depth the CPC Central Committee's resolution on the guiding principles for building socialist spiritual civilization, all parts of the province should implement it in work in a creative fashion in light of the actual local characteristics.

Since the 6th Plenary Session of the 12th CPC Central Committee, the principal leaders of the provincial party committee and the members of its Standing Committee have gone to a number of prefectures and counties to investigate and study the situation in building spiritual civilization. They have got hold of a great deal of first-hand material.

During this 5-day meeting, the participating comrades conducted specific studies on initial plans for implementing the resolution; on how to integrate the common ideal with the near-term goals of endeavor and speed up the pace of extricating the people from poverty and making them rich; how to effectively renovate concepts; and how to improve the province's education, science and technology, and culture work, strengthen democracy and the legal system, step up the ideological building of the party oeganizations and members, and do a good job in building spiritual civilization in the rural areas. [passage omitted]

Provincial party committee Secretary Li Ziqi spoke at the conclusion of the meeting. He said: At present the province must continue to give first place to study of the resolution. We must shift from general study and discussion to solving problems in connection with reality. We must actively probe and open up a new situation in building spiritual civilization. As with the discussion on the criterion of truth, it is necessary to conduct study and discussion on the renovation of concepts. In particular, the leading cadres at all levels must renovate their concepts first and ensure that they meet the demands of the new era as quickly as possible.

He said: Between New Year's day and the spring festival, the whole province must launch a drive to spend festivals in a civilized way. In the rural areas, we must organize the peasants to change habits and customs. In the urban areas, we must focus on education in professional ethics and on ensuring good public order.

Li Ziqi stressed in conclusion: The province must continue to get a good grasp of rural party rectification and all other work before the end of this year, and ensure the fulfillment of all economic targets.

HEILONGJIANG SECRETARY'S ARTICLE ON RESOLUTION

SK010739 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 30 Nov 86

[Text] Issue No 12, 1986 of FENDOU ZAZHI (STRUGGLE JOURNAL), which will be published tomorrow, carries an article by Sun Weiben, secretary of the provincial party committee, on his experiences in studying the CPC Central Committee's resolution on guiding principles for building socialist spiritual civilization, entitled "Conscientiously Study and Understand the Basic Guidelines of the Resolution."

The article states: The resolution is a programmatic document to strenghten our country's socialist spiritual civilization during the new historical period. The resolution theoretically sets forth many new ideas and viewpoints, and furnishes a theoretical answer to a series of major questions which we will meet over the course of spiritual civilization during the new historical conditions.

The article holds: To study well the documents, we should deeply understand the strategic position and the basic principles of socialist spiritual civilization, clearly define the basic tasks of socialist spiritual civilization and some problems of basic principles, persist in and develop Marxism, implement the essence of the policy of letting a hundred flowers blossom and a hundred schools of thought contend, and clearly understand that building socialist spiritual civilization is the sacred duty of party organizations and party members.

The article stresses: To deeply understand the spiritual essence of the resolution, first, we should abandon the ossified concepts of socialism, focus on building socialism with Chinese chraracteristics, and persist in the correct orientation set forth since the 3d Plenary Session of the 11th CPC Central Committee. Next, we should repeatedly think of historical lessons, respect the objective practices, and eliminate the influence of idealism. Then we should not only eliminate leftist influence, but also pay attention to resisting the decadent influence of capitalism and feudalism and to opposing bourgeois liberalization.

The article finally reaffirms: Only when we consciously eliminate the influence of all wrong ideas and analyze the problems persistently in line with the scientific world outlook and methodology can we profoundly understand the spiritual essence of the resolution and correctly guide the building of socialist spiritual civilization.

NINGXIA RIBAO ON PROVINCIAL INDUSTRIAL OUTPUT

HK280924 Yinchuan NINGXIA RIBAO in Chinese 18 Nov 86 p 1

[Report: "Workers Throughout the Region Make Great and Concerted Efforts To Fulfill This Year's Industrial Production Targets"]

[Excerpt] This year's industrial production is entering the stage of "a final sprint." An arduous task for all enterprises and workers in our region is to make full use of the last month to fulfill or overfulfill this year's industrial production targets. At present, many leading comrades of the industrial departments have gone to the grass-roots units to inspect production; and the enterprises are mobilizing their workers to make greater efforts to increase production. By the end of October, the region's total industrial output value had increased by 9.7 percent over the same period of last year, and economic results have also improved.

This year, the industrial and transport enterprises of this region encountered rather serious shortages of raw materials and funds, but they continued to focus their efforts on ensuring good economic results by raising product quality and lowering production costs. This successfully guaranteed the balanced and steady development of industry. The electricity industry in particular developed fast. The production of electricity in the first 10 months totaled 2.48 billion kilowatt-hours, or 25.8 percent more than the same period last year. Electricity supply in this region has now basically met demand. The development of the electriocity industry has also promoted the development of other industries which need to expand more energy, and the production of such products as aluminum, pig iron, steel products, calcium carbide, and iron alloy increased substantially over that in the the same period last year. [paragraph continues]

The production of coal, cranes, and carbon products also increased by a large margin. Such consumer goods as cotton yarn, woolen blankets, sugar, tobacco, and beer also increased by more than 30 percent. [passage omitted]

NINGXIA REPORT EMPHASIZES GRAIN PURCHASES

HK260948 Yinchuan NINGXIA RIBAO in Chinese 6 Nov 86 p 1

[Report: "We Must Continue To Firmly Grasp the Task of Purchasing Autumn Grain and Fulfill the Task in Mid-December"]

[Text] On 4 November, the regional people's government recognized Yinchuan cities and counties which did a good job in purchasing summer grain and oil this year. At the same time, the government also announced concrete plans for fulfilling the task of purchasing autumn grain in an overall manner.

This year, the work of purchasing grain and putting it into storehouses has been carried out relatively smoothly. By 30 October, the whole region had purchased and put into storehouses 235 million kilograms of grain, 72.4 percent of the gross scheduled target, of which wheat put into storehouses accounted for 93.8 percent of the scheduled target for the purchase of summer grain. Four cities and counties -- Wuzhong, Qingtongxia, Yongning, and Taole -- had fulfilled the tasks of contracted purchase and purchase through agents of summer grain in an overall manner. Longde County had overfulfilled the task of oil purchase. The regional people's government decided to award these five city and county governments silk banners and prizes.

Ma Yingliang and Yang Huiyun, vice chairmen of the region stressed at the meeting that although our region has done a relatively good job in purchasing summer grain, the task of purchasing autumn grain should not be treated lightly. Viewed from the progress of purchase at present, the amount of rice put into storehouses accounts for only 33.8 percent of the annual target for the purchase of rice and that of oil accounts for 56.9 percent of the gross target. The chief reasons why the purchase of the autumn grain has progressed slowly are: First, rural cadres at various levels fear difficulties and have slackened their efforts in the purchase of autumn grain. Second, many individuals and departments have also purchased rice and corn. According to reports, in some counties, the grass-roots supply and marketing cooperatives have purchased as much as 300,000 to 400,000 kilograms of rice and corn in the rural areas. Some flour processing plants run by towns and townships have purchased wheat from the peasants and processed it into flour to be sold to other localities. Some individuals and departments from cities and outside the region have also asked people of our region to purchase grain for them at elevated prices. Some state farms have violated what is stipulated in the existing grain policy and have sold rice at negotiated prices without selling even one catty of grain to the state. The serious outflow of rice has caused the prices of rice in the market to rise and has caused an adverse effect on the fulfillment of the state plan for grain purchase. Third, some peasants have misunderstood the guidelines in the State Council's circular on grain purchase published in newspapers. They do not deliver grain to the state but wait to sell it at profitable prices. To ensure the overall fulfillment of this year's state plan for grain purchase, various cities and counties are asked to properly do the following:

1. They should make great efforts to carry out publicity and educational work and increase their understanding of the reform of grain management. [paragraph continues]

They should educate the peasants to understand that the contracts for grain purchase are at the same time economic contracts and tasks assigned by the state. The peasants are duty-bound to ensure the fulfillment of such tasks. Although the prices for grain purchase on the contracts are relatively low, the state has given the peasants subsidies in terms of linking the supply of chemical fertilizer and diesel oil with grain, reducing the retail prices for chemical fertilizers, increasing investment in agriculture, and so on, thus reducing the peasants' burden in growing grain. They should have a correct understanding of the guidelines of the State Council's circular on further improving the contracted grain purchase system. They should make clear to the peasants that the price for each catty of autumn grain purchased for the state this year is 3 fen more than the price for selling grain to the state after fulfilling assigned tasks. If the market price is lower than this, the purchase should be made at the market at a negotiated price. The price on grain purchase contracts will not change and the tasks assigned are fixed and must be finished. The price for purchasing grain for the state this year shows the state's consideration for the peasants.

2. The governments of various cities and counties should strengthen leadership and each level should be responsible for its respective tasks until the work is completed. They should concentrate their efforts on going to rural areas to mobilize the peasants to sell their grain to the state. They should do their utmost to fulfill the task of grain purchase in an overall manner before 20 December. Cities and counties that fulfill their tasks well will be awarded by the regional people's government and those that cannot will be held responsible for the consequences.

3. They should resolutely put an end to the phenomenon of allowing various sectors to purchase grain. Various cities and counties should check with the industrial, commercial, grain, communications, supply, and marketing departments, and bureaus in charge of town and township enterprises and all individuals, collectives, and state departments tht purchase grain included in state plans must sell it all back to local grain departments. At the same time, the public security, communications, industrial, and commercial departments should strengthen their inspection network on the highways and control the outflow of grain.

NINGXIA PRODUCTS SELL WELL AT TRADE FAIR

HK280815 Yinchuan NINGXIA RIBAO in Chinese 8 Nov 86 p 1

["Dispatch" from Guangzhou by NINGXIAO RIBAO Guangzhou correspondent Qian Mengnian (6929 5536 1628): "At the 60th China Export Commodity Fair, Our Region's Export Commodities Greatly Aroused the Interest of Foreign Businessmen, Who Vied With One Another To Place Orders"]

[Excerpts] The 60th China Export Commodity Fair ended on 5 November. Thanks to the energic efforts and initiative of its business teams, Ningxia succeeded in clinching numerous business deals. The total amount of the deals exceeded the previously set quota by 76.2 percent, an increase of 43.6 percent over the figures attained in last year's Guangzhou autumn commodity fair. The transaction quotas for textiles, chemical products, local and animal products, machinery, grain, edible oil, medicine, medical apparatus and instruments, and light industrial products, were fulfilled. [passage omitted]

The present Guangzhou export commodity fair has also brought to light certain problems that exist in our region's commodities. The sales of sheepskin products look promising but foreign businessmen say the prices are a little too high. [paragraph continues]

Further efforts should be made to promote sales. The sales of linen products from our region are fairly good. If we can improve their quality, color, and variety, the sales can still be expanded. Further efforts should also be made to improve the variety, color, and quality of woolen goods, knitting wool, and other commodities.

QINGHAI RADIO ON ECONOMIC SUCCESSES, PROBLEMS

HK290818 Xining Qinghai Provincial Service in Mandarin 2330 GMT 28 Nov 86

[Station reporters' commentary]

[Text] This year, Qinghai has continued to improve and strengthen macroeconomic control. The economy has now been extricated from being out of control, which happened at one stage last year. Relatively stable movement has been recorded in economic life, on the basis of growth. Macroeconomic policymaking has yielded results, generally expressed as two major characteristics:

1. In the wake of the steady growth of the province's economy, total social supply has increased and its structure has been improved.

2. The momentum of swelling of total social demand has been initially put under control. Its growth rate is lower than last year. This is specifically shown in the following ways: Investment using the province's self-raised capital from January to September declined by over 8 percent compared with the same period last year, while non-productive investment dropped by 10.8 percent. The proportions of productive and non-productive expenditure changed from 62.8 : 37.2 last year to 74.1 : 25.9 this year. Investment in productive construction has increased, while investment in non-productive construction has dropped by 22.5 percent compared with the same period last year. As a result, the investment structure has become more rational.

The momentum of excessive growth in consumption funds has also weakened to some extent. In the first 9 months of this year, bonuses for state staff and workers in the province totalled some 40 million yuan, a drop of 37.6 percent compared with the same period last year. Indiscriminate bonus payments have been put under control. It is estimated that consumption funds this year will grow by 10 percent over last year, slightly lower than the 12.5 percent recorded last year. This control has helped to harmonize the economy and stimulate the normal development of the province's economy. However, we must realize that the contradiction represented by total social demand exceeding total supply will continue to exist for a long time to come. This is because local resources for transforming the province's poverty and backwardness and developing the exploitation of natural resources and economic construction are limited, and to a very large extent we have no alternative but to rely on large amounts of state investment. The contradiction between supply and demand caused in this way cannot be completely eliminated by macroeconmic controls. The key lies in taking effective measures to narrow the gap between supply and demand and reduce the strain on the economy.

It should be noted that, while there has been some easing of the contradiction in total amounts, due to the fact that the province's [words indistinct] economy continues to play a role, people only pay attention to growth of total amount and chase after output and output value while neglecting structural readjustment. Yet the people's daily life needs more multi-layer and diversified forms of economic development. Thus the products produced do not meet the people's needs. This objectively causes relatively great difficulties in balancing the contradiction between supply and demand, and has turned this contradiction into the biggest problem in the province's economy.

This is the situation that has now emerged: On the one hand, supplies of high-grade products, new products, and small commodities needed in the markets cannot meet demand, while commodities needed in the agricultural and pastoral areas are often out of stock; and on the other hand, poor-quality and high-priced products of the province cannot be sold elsewhere. Due to failure to pay attention to commodity information and market changes, some enterprises engage in production in a blind fashion, causing stockpiles. This is the case with motor vehicles, coal, clothing, leather, light bulbs, matches, and some building materials made in the provinces.

From January to September this year, the finished goods of state-owned enterprises covered by the budget in the province were tying up 200 million yuan in investment, an increase of 44 percent over the same period last year. As a result the turnover of capital has slowed down by 21 days compared with last year, and losses have reached 15 million yuan.

There are many objective reasons for this abnormal situation. However, the main reason is irrational production structure and product mix, together with poor management standards. We must therefore find the fundamental solution from renovations within the province's economy.

QINGHAI RADIO DISCUSSES ECONOMIC WORK IN 1987

HK010159 Xining Qinghai Provincial Service in Mandarin 2330 GMT 30 Nov 86

[Station reporters' commentary: "A Look at the Focal Points for Work Next Year in Light of This Year's Economic Situation"]

[Excerpts] The development of commodity economy has injected new vitality into the province's economy. It has also made the province's economic life more complex and brought still more severe tests and challenges. This requires that we squarely face reality, seriously analyze the situation and take appropriate policy measure to turn passive into active.

Next year will be a year in which reform advances in relatively great strides. While striving to ensure the smooth emergence of reform measures, we must make all-round arrangements for the province's economic construction. It appears that the tasks for next year should be: To continue to strive to resolve the contradiction between total social supply and demand; to improve the economic structure, especially the production structure and product mix; and to improve the adaptability and self-development capacity of the province's economy.

As far as the general balance of supply and demand next year is concerned, the biggest problem to be encountered is that the national income cannot increase much, while there will be a relatively great increase in social demand. In the sphere of production materials, due to the increased price of steel, it is expected that capital construction investment and production costs in the province will rise by 70 million yuan. Since a certain amount of investment will also be required to compensate for shortfalls in key projects of the Seventh 5-Year Plan, the difficulties of balancing next year's investment, revenue, and credits will be increased. It is therefore particularly necessary to continue to control investment and consumption, readjust the orientation of investment, and strictly control expenditure, especially administrative expenditure; we must prevent the emergence of another rise in administrative expenditure.

We must control loans in a rational way and appropriately increase investment in economic construction. We must support the enterprises in carrying out renovation of equipment and technological transformation. The focus should be on supporting the production of low-input, good-quality products that sell well in the markets. [passage omitted]

We must step up the exploitation of the province's strong-point resources and convert them into economic strong points as soon as possible. China will use a great deal of salt during the Seventh 5-Year Plan. Qinghai has rich salt resources that are easy to exploit; they need little investment and yield high profit. We should naturally step up investment in these resources and expand output.

At the same time, the province should promote the production of light and textile industry goods, especially those of good quality. We must attach importance to producing goods for the minority nationalities, pay attention to replacing old products, and develop new ones. We should preserve the traditions and expand new markets.

Viewing the province's exports from January to September, the growth in exports of light and textile goods, metal minerals, chemical products, and machinery was markedly higher than that of agricultural and sideline products. Hence, to expand its markets, Qinghai should focus its vision on the international market. It should take advantage of its strong points in animal husbandry and mineral resources to produce key products and expand exports. [passage omitted]

Qinghai should also develop all-round lateral economic ties, to ensure coordinated development of its agriculture, animal husbandry, and industry, and to gain more external support for our economic development, and thus improve the province's overall competitiveness.

QINGHAI PLA DEALS WITH SENSITIVE CADRE QUESTIONS

HK261410 Xining Qinghai Provincial Service in Mandarin 2330 GMT 25 Nov 86

[Text] In the course of straightening out party style, the Qinghai Military District CPC Committee has recently done work in a down-to-earth manner to deal with the most sensitive cadre questions and been praised well by all.

In the course of streamlining and reorganization, one of the children of two leading cadres did not want to go to the grass roots and the other one wanted to go to a university. Because of this, some people went to leaders of the Military District to intercede for them. The Qinghai Military District CPC Committee did not do them a favor. They adhered to the principle and resisted the malpractice of intercession. They also persuaded and taught the children of these two cadres to happily obey the decision of the organization.

Of the cadres of the Qinghai Military District, 64 percent are veterans of the plateau and grass roots. The Qinghai Military District CPC Committee has correctly employed these comrades. This year, it has successively promoted to leadership post some 70 veterans of the plateau who have both ability and political integrity, aroused the enthusiasm of the grass-roots cadres, strengthened their sense of honor and responsibility, and further established their idea of striking root on the plateau and making more contributions. At present, the idea of over 90 percent of the cadres is stable and their enthusiasm has been inspired.

The Qinghai Military District CPC Committee has also ensured that they are strict and impartial in meting out rewards and punishments. Not long ago, they resolutely revoked the order on the appointment of five cadres who only wanted the care of the organization but did not abide by discipline of the organization.

SHAANXI REAPS BUMPER AGRICULTURAL HARVEST IN 1986

HK260557 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 25 Nov 86

[Text] Our province has reaped a bumper agricultural harvest this year. A reporter has learned from the provincial agriculture and animal husbandry department that the province's gross agricultural output value this year has reached some 7.13 billion yuan, an increase of 4.6 percent over last year and the highest record in history. Despite natural disasters, including drought for a long period of time and insect pests, and difficulties in the short supply of chemical fertilizers and diesel oil, our province's gross output of grain is still slightly more than last year and has exceeded 9.6 billion kilograms. In particular, wheat production in three large regions, Guanzhong and southern and northern Shaanxi, has generally increased and a bumper harvest has been reaped in the paddy fields, dry land, and mountainous land. The province's gross output of summer grain was approximately 5 billion kilogram. A good harvest scarcely seen for many years. The average per-mu yield of wheat on the 9 million mu in the (Hanyuan) area of Weibei is 165 kilograms, an increase of 9.5 kilograms over last year. Gross output is 1.48 billion kilograms, which accounts for 32.2 percent of the province's gross output of wheat. It has become the second granary of our province.

This year, the whole province has also reaped a bumper harvest of industrial crops. Economic results have been markedly raised. Gross output of oil-bearing crops has exceeded 300 kilograms and of apples, 200 kilograms. The average per-mu yield of cotton is over 40 kilograms, the highest record in history. Output of hemp, tea, silkworm cocoons, watermelon, and vegetables has recorded an increase by a relatively wide margin over last year.

SHAANXI JOURNAL DEPLORES CULTURAL ATMOSPHERE

HK270315 Xian Shaanxi Provincial Service in Mandarin 0200 GMT 27 Nov 86

[Text] The newly-published issue No 4 of the Philosophy and Social Science edition of the XIBEI DAXUE XUEBAO [NORTHWEST UNIVERSITY ACADEMIC JOURNAL] carries an article by (Dong Qingcheng) entitled "A Tentative Discussion on Cultural Environment."

The article says: So-called cultural environment provides the material basis and other objective conditions for cultural development. The article says that the cultural foundation and environment in Shaanxi give people an impression of depression and ignorance. The main reasons for this are economic backwardness, conservative mentality, and the strong influences of the force of habit of small production and feudal and patriarchal concepts. At the same time, there is a lack of the spirit of seizing every minute and second and of creating something new and original.

The article points out that to change this state of affairs, it is essential to continually improve the quality of the cultural contingent; to renovate cultural concepts and step up efforts to grasp modern thinking; to improve the scientific level of management; to trust and understand spiritual producers more; and to create a lively, free, and relaxed political atmosphere and cultural environment. In this way Shaanxi's culture can develop and prosper.

FOREIGNERS UNHAPPY WITH XIAN INVESTMENT CLIMATE

HK250251 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 25 Nov 86

[Excerpts] According to the West China edition of JINGJI RIBAO, representatives of a number of foreign businessmen in Xian say that the local investment climate is not good for attracting more foreign investors. It is essential to work hard to improve things and create a happy investment climate as soon as possible.

All the foreign investors have an impression of outdated concepts and low work efficiency. These are the main factors hampering large-scale use of foreign investment. (Wang Fuzhong), the Hong Kong manager of the Xiehe Hotel, said that Xian and Shaanxi are both excellent tourist attractions, but Xian is far from doing enough to attract more foreign investors. When working in Xian, there are really too few people who are responsible in work; the phenomenon of the difficulty in saying anything or getting anything done is much more serious than in the coastal areas. When even the simplest thing needs to be done, it is always a problem to find someone and some method of doing it. [passage omitted]

The foreign businessmen all reported that there are no set standards for investment costs in Xian, and the costs are continually rising. There are also contradictions between Xian's voluminous internal regulations and the provisions of the state laws. As a result, the foreign businessmen feel that they have no law to follow. The local digestive capacity is too low, and the investors are worried that they will be unable to recover their investments.

The foreign businessmen unanimously appealed for the rapid abolition of the restrictions on enterprises run with foreign investment, to ensure that these enterprises and the state-owned enterprises can make their own operational decisions within a relatively relaxed investment climate.

The 22 regulations recently issued by the State Council represent an encouragement to foreign investors and will help to attract more of them. However, some foreign businessmen are still worried that the preferential treatment policies laid down by the central authorities cannot be properly implemented in the localities. They held: Only if Xian implements properly the preferential treatment policies can it really attract more foreign investors.

XINJIANG PARTY COMMITTEE OPENS PLENARY MEETING

HK290227 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 28 Nov 86

[Text] The Eighth Enlarged Plenary Session of the Third Xinjiang Regional CPC Committee opened in Urumqi today. The main agenda of the session is to convey and study the spirit of the 6th Plenary Session of the 12th CPC Central Committee and discuss and approve a draft decision of the regional party committee and government on implementing the CPC Central Committee's resolution on the guidelines for building socialist spiritual civilization. This draft decision has been formed after repeated discussion on the basis of giving full play to democracy and seeking a broad cross-section of views inside and outside the party.

Tomur Dawamat, deputy secretary of the regional party committee, presided at the meeting today. Secretary Song Hanliang made a speech. After conveying the spirit of the 6th Plenary Session of the 12th CPC Central Committee, he gave important views on how to step up the building of socialist spiritual civilization in Xinjiang.

DISSIDENT HSU HSIN-LIANG DENIED ENTRY TO TAIWAN

Not Allowed on Taipei-Bound Flight

BK301116 Hong Kong AFP in English 1055 GMT 30 Nov 86

[Text] Taipei, Nov 30 (AFP) -- Hundreds of riot police and two dozen armored vehicles barred 5,000 supporters of exiled dissident Hsu Hsin-liang from greeting him here Sunday while in Tokyo Cathay Pacific Airways refused to let him board a flight for Taipei.

Eyewitnesses said the police action here triggered scuffles in which at least three people were reportedly arrested, one person beaten up and several policemen hurt when Mr. Hsu's supporters threw stones at them.

They added that several opposition members had suffered minor injuries when police used hoses and tear gas in a bid to disperse the crowd, which had tried to force its way past road blocks on the highway leading to Chiang Kai-shek International Airport, some 40 kilometres (24 miles) south of here.

(In Tokyo, Cathay Pacific Airways refused to allow Mr. Hsu and his supporters, who held U.S. and Japanese passports, to board one of its flights leaving for Taipei because they had no visas to enter Taiwan.

(At a news conference before leaving for the Tokyo International Airport, Mr. Hsu had said he would use every possible means to return to Taiwan if the authorities there refused him entry.

(He said there was a strong probability he would be arrested and imprisoned if he stepped off a plane in Taipei)

(Following the Cathay Pacific action an irate Mr. Hsu, who holds a refugee's passport issued by the United States but has no visa for Taiwan, said "I strongly protest the position adopted by Cathay."

(He threatened to take legal action against the Hong Kong based airline and shouted "you have no right to act for the Taiwan Government" when a Cathay official refused to let his party board the flight to Taipei.

("We will find our own way to return to Taipei," he told AGENCE FRANCE-PRESSE.

("The fact that the Taiwan Government determined the list of passengers is entirely illegal," said U.S. lawyer Leonard Weinglass who, with former U.S. Attorney General Ramsay Clark, was also refused permission to board the flight.

(A Cathay official at Tokyo airport said the order to refuse the group from boarding its aircraft had come from the airline's head office in Hong Kong.)

(In Hong Kong, a Cathay spokesman said the airline and other international airlines had standing orders not to accept people whom they believed would be refused entry at their point of disembarkation, be it for political reasons or for having insufficient entry documentation.

(He denied any political interference from Taipei but said that Cathay had been aware that Mr. Hsu intended to return to Taiwan on one of its flights and had warned its staff. The spokesman said that if a government refused entry to a passenger that person then became the responsibility of the carrier airline.)

In Taipei, several thousand opposition figures from all over Taiwan met at the campaign headquarters of Hsu Kuo-tai, Mr. Hsu's brother, Sunday morning before heading for the airport.

Most were stopped about two miles (3.2 kilometres) from the main airport terminal, but they refused to disperse even when news of Cathay's action in Tokyo arrived.

About 3,000 police wearing helmets and carrying shields were mobilized along the highway. Several hundred riot police were also deployed at the airport terminal and customs inspection areas, airport officials said.

Calm returned Sunday afternoon when 12 leaders of the fledgling opposition Democratic Progress Party (DPP) negotiated inside the airport with high-ranking officials of the Garrison Command, Taiwan's highest security authority.

Mr. Hsu, 45, has lived in exile in the United States for the past seven years. The Taiwan authorities have warned he will be arrested on subversion charges if he tries to return here, but informed sources have said it is more likely he would simply be deported.

Mr. Hsu, the self-proclaimed founder of the overseas branch of the DPP wishes to be in Taiwan for parliamentary elections Saturday. The DPP has not recognized him as a member, but welcomed his arrival in a statement Friday.

Observers here said that although Mr. Hsu's political popularity had waned since he left Taiwan, opposition factions were trying to cash in on his return, or simply the announcement of it, to boost their election chances.

Mr. Hsu, a former member of the ruling Kuomintang (KMT), was put on the authorities' wanted list on sedition charges in 1980 after he signed a declaration with other overseas radicals to "launch immediate, consistent, all-out and ruthless" attacks on the KMT.

Backers Try Entry From Hong Kong

HK011024 Hong Kong AFP in English 1012 GMT 1 Dec 86

[Text] Hong Kong, Dec 1 (AFP) -- Ten supporters of Taiwan dissident Hsu Hsin-liang who were barred from entering Taiwan on the weekend said Monday they would make another attempt by air from Hong Kong.

Steve Chung, a spokesman for the overseas branch of the Democratic Progress Party [DPP] of Taiwan, declined to tell reporters when the attempt would be made, fearing that publicity might jeopardize their chances.

"Every time we openly discussed our plans to go to Taiwan, the particular flights would become inexplicably fully booked," he recalled.

Mr Hsu's supporters also said that the Taiwan dissident, who is seeking to return after seven years in exile in the United States, would also try again to enter Taiwan from Tokyo, where an airline denied him a flight to Taipei Sunday.

Mr Hsu wants to return to Taiwan in time for elections this weekend which the opposition DPP is contesting. But Taiwan authorities have said they would arrest him on subversion charges if he tried to enter.

A total of 11 Hsu supporters arrived in Hong Kong Sunday after they were denied entry at Taipei airport.

One of the supporters left Hong Kong on Monday for Tokyo to join Mr Hsu, leaving the others to continue their fight for a Taiwan entry permit, said DPP Overseas Press Secretary Lynn Miles.

They are in Hong Kong on one-month visas, and are led by Linda Shih, wife of dissident Shih Ming-deh, who is serving a life sentence in Taiwan.

Mr Miles claimed he had been handcuffed during his Cathay Pacific Airways flight to Hong Kong from Taipei on Sunday because he refused to comply with a pilot's request not to stage "any unreasonable act" on the plane.

"I refused to comply with the order because they couldn't explain clearly what constituted an unreasonable act," Mr Miles said.

No immediate comment was available from Cathay Pacific headquarters here.

Airline's Treatment Protested

HK011416 Hong Kong AFP in English 1409 GMT 1 Dec 86

[Text] Taipei, Dec 1 (AFP) -- About 1,000 people protested Monday at the local office of Cathay Pacific Airways, chastising the airline for refusing to fly dissident politician Hsu Hsin-liang to Taipei, eyewitnesses said.

The banner-waving crowd accused Hong Kong-based Cathay Pacific of collaborating with Taiwan's ruling Kuomintang (KMT) Party in turning away Mr Hsu at Tokyo's International Airport Sunday, the eyewitnesses said.

"We strongly protest Cathay Pacific Airways bowing to the pressure of the KMT and violating human rights in refusing to allow Hsu Hsin-liang board its flight to Taipei," read a statement distributed at the scene.

The protesters also called for a boycott of the airline.

About 30 police with shields blocked access to the airline office, but escorted Tsai Shih-yuan and Hsu Kuo-tai, Mr Hsu's brother, inside to deliver a letter to protest to airline officials.

Some protesters were seen beating up a security officer who was taking pictures of the two-hour incident. He was later turned over to the police.

Mr Hsu, head of the overseas branch of the opposition Democratic Progress Party (DPP), was denied a seat to Taiwan because, Cathay Pacific said, he lacked proper travel documents.

Taiwan authorities have said they would arrest Mr Hsu on subversion charges if he returns from seven years in exile in the United States.

(Mr Hsu was thought to be still in Tokyo Monday, but his whereabouts were not known, correspondents in the Japanese capital said.)

Mr Tsai and Mr Hsu's brother are candidates in National Assembly and parliamentary elections in Taiwan this Saturday, but DPP Secretary General Chen Ching-chuan said the party "was not informed of the protest plan."

Monday's protest came one day after some 5,000 people staged a violent 10-hour demonstration near Taipei Airport after being barred from the terminal building, where they had hoped to greet Mr Hsu.

The crowd threw stones and damaged police vehicles, as riot police tried to disperse them with fire hoses and tear gas.

DPP Chairman Chiang Peng-chien, a member of the Legislative Yuan, said Monday only about 200 to 300 of the demonstrators Sunday were DPP members, "but we as a party have to bear the results."

He told AGENCE FRANCE-PRESSE that the incident would damage the fledgling party's image and might invite adverse effects in the election.

The DPP was created in September in defiance of a ban on new political parties in Taiwan. The ban was imposed by the KMT government in 1949, when it was pushed off the Chinese mainland by the Chinese Communist Party.

"We denounce the use of violence, but the event would raise doubts of many people against our party," Mr Chiang said of Sunday's demonstration.

"We inherited many assets, but also many burdens as well and our party is like a sprout which is very vulnerable to any outside blows caused by misunderstanding," he said.

The DPP has 1,200 members and represents only part of the opposition movement in Taiwan, where President Chiang Ching-kuo has announced an end to 37 years of martial law in the coming weeks.

Taipei Arrival Reported

HK020352 Hong Kong AFP in English 0340 GMT 2 Dec 86

[Text] Taipei, Dec 2 (AFP) -- Taiwan dissident Hsu Hsin-liang flew in here Tuesday from Manila, witnesses said.

He arrived at Chiang Kai-shek International Airport at 10:55 a.m. (0255 GMT) Tuesday on a Philippines Airlines flight.

The witnesses said Mr Hsu was accompanied by three Japanese journalists and several supporters. They gave no further details.

Taiwan authorities have said Mr Hsu -- sought for sedition -- would be arrested upon arrival.

Informed sources have said, however, that he would be deported to avoid stirring up the already heated campaign for national assembly and parliamentary elections scheduled for Saturday.

No reaction was immediately available from the Taiwan security authorities to the dissident's arrival.

Hsu Sent Back to Philippines

HK020610 Hong Kong AFP in English 0605 GMT 2 Dec 86

[Text] Taipei, Dec 2 (AFP) — Taiwan dissident Hsu Hsin-liang was sent back to Manila on a Philippines Airlines flight which left at 1:05 p.m. (0505 GMT) after being denied entry by Taiwan authorities decause he lacked necessary travel documents, informed sources said.

Mr Hsu arrived in Taipei at 10:55 a.m. (0255 GMT) from Manila on a Philippine Airlines flight but details about his arrival were not available since all journalists were barred from approaching restricted areas which were heavily guarded by hundreds of police and securities [as received].

The sources said the 45-year-old dissident, wanted here on sedition charges, was asked to remain on the aircraft while authorities at Chiang Kai-shek International Airport and airport security officers negotiated with Philippines Airlines.

The sources said three Japanese journalists accompanying Mr Hsu were to return to Tokyo on a Singapore Airlines flight leaving Taipei at 3:45 p.m. (0745 GMT).

The aircraft took Mr Hsu back to Manila without taking passengers after authorities here took the dissident's expired passport, the sources said.

MOFA SPOKESMAN ON JOINING PECC, POLICIES

OW291453 Taipei CNA in English 1428 GMT 29 Nov 86

[Text] Taipei, Nov. 29 (CNA) — The Republic of China [ROC] has recently applied to become a member of the Pacific Economic Cooperation Committee [PECC] in accordance with its principle of not withdrawing from international civilian activities and on the condition of not violating its basic national policy, the Ministry of Foreign Affairs said Saturday.

MOFA spokesman Cheyne J.Y. Chiu told reporters at a press conference in Taipei that the ROC has recently applied to enter the PECC in the name of the "Chinese Taipei Pacific Economic Cooperation Committee ." As a formal member of the committee, the nation sent a delegation to attend the 5th PECC General Assembly held in Canada in mid-November, Chiu said.

The Communist China has also become a member of the PECC and sent its representatives to attend the meeting, Chiu said.

Explaining the purpose of joing the PECC, Chiu said that the ROC is a very important economic and trade nation in the Asian and Pacific Region, and therefore, it should play a more important role in the international community. On the condition of not violating its basic national policy, the ROC is willing to take part in activites sponsored by international civilian organizations, he said.

FBIS

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XINHUA REPORTS NEW U.S.-USSR ARMS SESSION

OW021835 Beijing XINHUA in English 1634 GMT 2 Dec 86

[Text] Geneva, December 2 (XINHUA) -- The United States and the Soviet Union today opened a four-day special session on space and nuclear arms in preparation for their seventh round of Geneva arms talks, scheduled to begin January 15.

Officials on the two teams, headed by U.S. chief arms negotiator Max M. Kampelman and his Soviet counterpart, Victor Karpov, said that meetings have been arranged for separate negotiating groups on space systems, strategic long-range nuclear weapons and intermediate medium-range missiles.

The talks are reportedly aimed at an initial reduction of 30 to 50 percent in strategic weapons and removal of all medium-range missiles from Europe.

Kampelman said on arrival from Washington that the special session was aimed at achieving "a great understanding" on where the two sides stand following October's Reykjavik summit.

However, Karpov charged that the United States was trying to "cancel out what was obtained at the Reykjavik" summit by Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan.

The two sides have remained at loggerheads over the outcome of the sixth round of Geneva talks, which began September 18 and ended November 12. The U.S. side claimed that the talks had been "useful and productive" while the Soviets thought it fruitless.

The Soviet Union has criticized the U.S. for breaking SALT-II strategic arms limits by deployment last week of a 131st B-52 bomber armed with Cruise missiles. Gorbachev called the B-52 bomber decision "a major mistake" which would cast a negative influence on the arms talks.

Nevertheless, the U.S. side maintained that the arms talks will proceed as before, despite the abandonment of SALT-II. Kampelman also ruled out any impact on the Geneva talks of the controversy over the sales of U.S. arms to Iran.

PRC FOREIGN MINISTER HOLDS PRESS BRIEFING

On Gorbachev Speech, Bombers

OW031246 Beijing XINHUA in English 1239 GMT 3 Dec 86

[Text] Beijing, December 3 (XINHUA) -- A Chinese Foreign Ministry spokesman said here today that as a close neighbour of South Asia, China sincerely hopes that this region will have peace, stability and development.

The spokesman made this remark at a weekly press briefing while answering a reporter's question about Soviet leader Gorbachev's recent speech in India on Asian security.

"What are needed are practical actions to eliminate 'hot spots' in the region to maintain Asian peace and security," the spokesman added.

On Gorbachev's talk of the demilitarization of the Indian Ocean, the spokesman said that concrete actions should be taken at present to reduce military presence of the United States and the Soviet Union as well as their rivalry in this region so as to remove the threat to peace and security in this region.

With regard to the U.S. Governments' decision to deploy the 131st strategic bomber, the spokesman said "we oppose any actions that might lead to the escalation of the arms race."

As for the U.S. deployment of "Lance" missiles in South Korea, he said "we hope that all parties concerned with the Korea issue will not do anything unfavorable to the relaxation of tension and stability in the Korean peninsula."

Asked whether a Chinese vice-minister of foreign affairs will visit Laos soon, the spokesman said that the visit is still under discussion and that China holds a positive attitude towards the improvement of its relations with Laos.

Taiwan Dissident Opposed

OW031239 Tokyo KYODO in English 1157 GMT 3 Dec 86

[Text] Beijing, Dec. 3 (KYODO) -- China said Wednesday it does not support Taiwanese dissident leader Hsu Hsin-liang, who was barred from Taiwan Tuesday when he arrived in Taipei after seven years of self-imposed exile on the United States.

Ma Yuzhen, spokesman of the Foreign Ministry, said: "China will strongly oppose any move which helps lead to the independence and self-determination of Taiwan."

It is China's first official comment on the current situation in Taiwan surrounding Hsu's attempt to return home.

Ma's remarks reflect China's harsh stance toward Taipei, indicating that Beijing will not back any organization supporting Taiwanese independence even if they oppose the ruling Kuomintang (Nationalist Party).

Analysts here also see Ma's statement as showing that China prefers the Nationalist Party to any democratic organizations, including the newly formed opposition Democratic Progressive Party in Taiwan.

Ma also said: "Hsu is said to have expressed in Japan his belief in the Taiwanese independence. However, the current move seeking the unification of Mainland China and Taiwan through peaceful means is an indispensable political trend supported by the public."

In this context, Ma stressed that China will support any move by political parties, organizations and individuals who work for the unification of China.

Ma's remarks were also interpreted as indicating that China aims to step up negotiations on the unification with the Kuomintang through peaceful means.

Central America Viewed

OW031222 Beijing XINHUA in English 1213 GMT 3 Dec 86

[Text] Beijing, December 3 (XINHUA) — A Foreign Ministry spokesman said here today China is very concerned with the situation in Central America, adding that the sovereignty, independence and territorial integrity of all Central American countries should be respected.

In response to reporters' questions at a weekly news briefing, the spokesman said the Central American issue should be solved by the people of these countries themselves without any outside interference. The questions among the countries in Central America should be settled peacefully through negotiations on the basis of equality instead of resorting to force.

"We hope that the parties concerned actively respond and support the efforts by the Contadora Group to maintain the peace and security in Central America," the spokesman said.

Mexican President's Itinerary

OW031218 Beijing XINHUA in English 1210 GMT 3 Dec 86

[Text] Beijing, December 3 (XINHUA) -- Mexican President Miguel de la Madrid will meet senior Chinese party, state and government leaders during his week-long state visit to China, beginning tomorrow. A Chinese Foreign Ministry spokesman made this announcement at a weekly press briefing here this afternoon.

During the Mexican president's stay in Beijing, the spokesman said, Chinese Premier Zhao Ziyang will confer with him while General Secretary Hu Yaobang and Chairman Deng Xiaoping will meet him respectively.

The Mexican president will also make a public speech at Beijing University and visit the Palace Museum, the Great Wall and Ming Ling, one of the Ming tombs, he added.

Moreover, the Mexican president will visit the museum displaying terracotta warriors and horses in Xian on December 7.

During the Mexican president's stay in Shanghai on December 8 and 9, Chinese President Li Xiannian will meet him and host a dinner in his honor, and he will also visit the Baoshan Steel Complex, the spokesman added.

While in Guangzhou on December 9 and 10, the Mexican president will visit the memorial hall of Dr. Sun Yat-sen and other places of historical interest, the spokesman said.

Czechoslovak Minister To Visit

OW031200 Beijing XINHUA in English 1152 GMT 3 Dec 86

[Text] Beijing, December 3 (XINHUA) -- Czechoslovak Foreign Minister Bohuslav Chnoupek will pay an official goodwill visit to China from December 12 to 17.

This was announced by a spokesman for the Chinese Foreign Ministry at a weekly press briefing here this afternoon.

The Czechoslovak foreign minister will be guest of Wu Xueqian, Chinese state councillor and minister of foreign affairs, the spokesman added.

PRC TO ATTEND INTERNATIONAL INDUSTRIAL MEETING

OW291937 Beijing XINHUA in English 1544 GMT 29 Nov 86

[Text] Islamabad, November 29 (XINHUA) -- The first meeting of national coordinators on industrial tracer applications is to open in Lahore on December first, according to official sources here today.

Participating in the meeting will be delegates from Australia, Britain, Thailand, China, India, Malaysia, the Philippines, Sri Lanka, Nepal, Bangladesh, Indonesia, Pakistan and South Korea.

The sources said that the meeting will review the state of the art in industrial tracer applications, its position in various countries or areas and recommend ways and means to further develop the tracer applications.

XINHUA REPORTS NEW U.S. SECURITY ADVISER NAMING

OW030854 Beijing XINHUA in English 0643 GMT 3 Dec 86

[Text] Washington, December 2 (XINHUA) — President Ronald Reagan today named former CIA Deputy Director Frank Carlucci as his new national security adviser, and asked for an independent counsel to investigate the U.S.-Iran-Nicaragua arms deal.

Carlucci, Reagan's fifth national security adviser in less than six years, replaced his predecessor John Poindexter, who resigned last Wednesday as a result of the secret U.S. arms sales to Iran and the diversion of millions of dollars to Nicaraguan contra rebels.

In his nationally-televised speech from the Oval Office, Reagan said he had directed Attorney General Edwin Meese to appoint an independent counsel to help investigate the arms deal.

Mounting doubts have been expressed by congressional leaders and the press as to whether the Department of Justice, headed by Attorney General Meese, one of President Reagan's old friends, could carry out an objective and thorough investigation.

Reagan said Meese told him that there were "resonable grounds" to seek an independent counsel to pursue the investigation.

"If illegal acts were undertaken, those who did so will be brought to justice," Reagan said. "If actions in implementing my policy were undertaken without my authorization, knowledge or concurrence, this will be exposed and appropriate corrective steps implemented."

"With the appointment of an independent counsel, we will have in place a dual system for assuring a thorough review of all aspects of this matter," he said.

Reagan last week appointed a three-member special review board to investigate the operations of the National Security Council, which played a major role in the secret arms deal.

If the investigative processes are working, Reagan said, "all the facts concerning Iran and the transfer of funds to assist the anti-Sandinista forces will shortly be made public."

Attorney General Meese held a news conference in the Justice Department following Reagan's announcements, saying there is "statutory basis" to ask a three-judge federal court to appoint an independent counsel.

"We are proceeding to make that application," he said, adding the move "is consistent with the President's desire to ensure public confidence that all facts in this case be ascertained and acted upon appropriately."

President Reagan also said he was urging Congress "to consider some mechanism that will consolidate its inquiries," and pledged his full cooperation with the Congress.

While both the Republican and Democratic congressional leaders welcomed the new steps Reagan announced today, several congressional committees suspicious of the adminsitration's own investigation have been calling for an independent look at the arms scandal.

The Senate Intelligence Committee conducted a second day of closed-door hearings today as former National Security Adviser Poindexter testified before the panel.

HU YAOBANG MEETS ARMAND HAMMER, COMMENTS

OW031104 Beijing XINHUA in English 1052 GMT 3 Dec 86

[Text] Beijing, December 3 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang reiterated here today that China welcomes foreign entrepreneurs and bankers to come to invest and cooperate with it and that his country is trustworthy.

At a meeting with Dr. Armand Hammer, chairman of the board of the American Occidental Petroleum Corporation, Hu said that China has achieved sustained economic growth in the past eight years, which was the longest and most fruitful period for development since the founding of New China in 1949. He attributed the reason mainly to China's correct policy of conducting domestic reforms and of opening to the outside world and to its independent peaceful foreign policy. "Such policies will be persevered," he added.

Hammer told Hu that yesterday he had been to Shanxi Province's Pingshuo Open-Cut Coal Mine, the largest Sino-foreign co-production project in the coal industry, and that its construction was going smoothly. "Some people doubted about this cooperative project," he said. "But it now seems that they had underestimated it."

Hu noted that the success of this project, which is China's key energy development project during its Seventh Five-Year (1986-1990) Plan period, cannot be separated from Dr. Hammer's efforts, adding that "this shows that Dr. Hammer is far-sighted."

Hammer said that he confides in Chinese leaders. "China's policy is correct," he acknowledged.

Hammer is here to attend a signing ceremony of a loan agreement for the Pingshuo coal mining project.

YAO YILIN MEETS VISITORS FROM THE UNITED STATES

OW271421 Beijing XINHUA in English 1321 GMT 27 Nov 86

[Text] Beijing, November 27 (XINHUA) -- Chinese Vice-Premier Yao Yilin met here today Anna Chennault, vice-chairman of the U.S. President's Export Council, and her party. Zhang Wenjin, president of the Chinese People's Association for friendship with Foreign Countries, attended the meeting.

Anna Chennault and her party arrived here November 25 after a study tour of Guangzhou, Shenzhen and Hainan Island. While in Guangdong Province, they held talks with local officials on the investment and construction of an airport on Hainan Island.

XINHUA CITES GORBACHEV ON USSR REFORM PROBLEMS

OW240736 Beijing XINHUA in English 0631 GMT 24 Nov 86

[Text] Moscow, November 23 (XINHUA) -- Soviet leader Mikhail Gorbachev has said that reforms in the Soviet Union will take time and effort and the traditional mentality of the population is a main obstacle, which should be removed.

In an interview with Indian reporters on the eve of his New Delhi trip, Gorbachev, touching upon reforms in his country, said: "We are on the right road and have the support of the people." "We have drawn up and are already fulfilling serious programs for scientific and technological progress. But what will be decisive to the fate of our plans and policy will be the way we involve man, the working people in this process."

He stressed: "We want to achieve this in the economy through cost-accounting, through the self-management of production collectives, through the broader practice of electing executive personnel and through a new economic mechanism."

However, he pointed out that change is going on not without difficulties, but it will be achieved in every field of society.

He said that considerable importance will be attached to improving "our spiritual and cultural sphere and the moral atmosphere in society." "There is a very strong desire in our people for justice and for the consistent observance of the principles of socialism and the assertion of the values gained," the leader explained, adding, "that is why we are waging an uncompromising struggle against various negative phenomena, abuses of official position, crime, immoral behavior, violations of discipline and order, and drunkenness."

He said that the strengthening of social policy today is the key to the solution of many questions in society.

He noted that whole society should take active part in the change, which, however, should begin with the party. Work within the party, which itself is changing, is being improved, he said.

The leader said: "We are thinking of setting the human factor into motion also by drastically revising our social policy in the interests of the working people."

He said that his country is working out a new law on the enterprise, the main thing of which is the democratization of production and greater independence and responsiblity of work collectives.

XINHUA ROUNDUP ANALYZES SOVIET ECONOMIC TRENDS

OW211426 Beijing XINHUA in English 1326 GMT 21 Nov 86

["Roundup: Accelerated Economic Growth in Soviet Union in 1986 by Wang Chongjie" -- XINHUA headline]

[Text] Beijing, November 21 (XINHUA) -- For the Soviets, the year 1986 perhaps represents a turning point of their country's economic development which has been sluggish since the beginning of this decade.

National income in the first 10 months grew by 4 percent over the same period last year, industrial output value by 5.1 percent and labor productivity by 4.8 percent. And this trend is unlikely to change in the remaining two months.

It is in this year that Soviet leader Mikhail Gorbachev launched a long-term strategy to accelerate the country's social and economic development. Now the "acceleration" strategy has become a national watchword to spur the Soviets to work harder for a faster economic growth.

This growth is rare, having not occurred for years. Major quotas of the previous five-year plan (1981-85) were not fulfilled. This was the case in the 1970's as well.

The 4.3 percent growth rate in national income this year is much higher than that in the previous five years and exceeds the average growth rate in the second half of the '70s.

The speed of Soviet economic development went down continuously after World War II. It dropped to 3.1 percent between 1981-81 and almost stagnated in 1980 and 1981. Judging from the increase this year, and the prospects for the next year, it appears the slow economic growth has basically changed and a tendency of accelerated development has taken its place.

Quick growth in national income resulted from increased industrial and agricultural production. Grain output for example reached about 210 million tons this year, the best after the seven-year shortage beginning in 1979.

Average annual grain output during the 10th Five-Year Plan (1976-80) was 205 million tons. The 11th Five-Year Plan stipulated the average annual output at 240 million tons. But the actual annual output for the previous five years was only about 180 million tons, 60 million less than the planned figure. Owing to a shortage of almost 300 million tons in the five years, the Soviet Union had to import more than 220 million tons of grain.

Nevertheless, foodstuffs fell short of demand in the Soviet Union during the first half of the 80's. It is reported the Soviet Union will reduce grain imports because of increased output.

There are many reasons for the upswing in the Soviet economy. Economic reform is one of them. Since Soviet leader Mikhail Gorbachev came to power last March, the 27th Congress of the Soviet Communist Party passed a series of resolutions for economic reform.

The reforms have improved management, increased scientific and technological progress and industrial and agricultural production. At the same time, major measures were introduced to adjust investment policies and investment priorities.

Strengthening discipline, ending alcoholism, opposing bureaucracy, punishing corruption, bribery and stealing has also improved economic and social life.

1987 will be a year in which reform in all aspects of the economy will expand. New management techniques will be adopted on a wide scale. This will help the economy continue growing.

However, serious problems accumulated over years in the Soviet economy and society cannot be solved in a short period. Economic development and reform still face many difficulties.

The Supreme Soviet session allocated a budget of 20.2 billion rubles (about 30.3 billion U.S. dollars) for defense next year, a 5.6 percent increase over this year. The increase rate obviously exceeds that of national income.

According to Western reports, the figure accounts for a small part of the actual Soviet military expenditure. The military expenditure of the United States is 300 billion U.S. dollars. In order to keep military balance with the U.S., the Soviet Union has to spend a large amount of manpower and material and financial resources. This is certainly a heavy burden on the Soviet economy.

TASS OBSERVER CITED SINO-SOVIET RELATIONS

OW231555 Beijing in Vietnamese to Vietnam 1100 GMT 18 Nov 86

["China in the Eyes of Foreigners": "TASS Political Observer's Article: Along the Creative Path"]

[Text] Thirty-seven years ago, on 1 October, the People's Republic of China was born, winning the final victory in the Chinese working people's protracted and arduous revolutionary struggle against imperialism, feudalism, and reactionary forces.

China has become an independent and sovereign country advancing along the path of building a new socialist social system.

During the years of government by the people, the Chinese nation has scored great achievements in developing economies, science, and culture and raising the working people's living standards. Along this path there have been some periods during which China's national economy was on the brink of collapse due to the implementation of the the Great Leap Forward and the Cultural Revolution for well-known reasons.

China is currently remedying and correcting the mistakes and negative consequences resulting from this. The Chinese people are presently implementing the grandiose tasks set forth by the Communist Party of China; namely, modernizing the country and building socialism.

The initial results of the implementation of these grand tasks have proved that China's socioeconomic face has been undergoing great changes.

The Soviet people are conscious of and respect the program of modernization and socialist construction suitable for the people of great China.

Over the past years, relations between the Soviet Union and China have visibly improved. As proved by the era, failure to keep in touch with each other and, especially, lack of friendship and mutual suspicion will bring no good to either side.

All these things have created a good basis for Soviet-Chinese relations to develop constantly in all spheres. In other words, presently there exist conditions for bringing these relations into the orbit of mutual confidence, harmony, and cooperation on the basis of equality and in a situation beneficial to the two peoples and in the interests of peace and socialist undertaking.

PRC JOURNALISTS TOLD CAMBODIAN REBEL EXPECTATIONS

OW021628 Beijing XINHUA in English 1557 GMT 2 Dec 86

[Text] Battambang, Kampuchea, December 2 (XINHUA) -- In a battle zone where shots could be heard in the distance, a divisional commander of the Democratic Kampuchean resistance forces this week told a group of visiting Chinese journalists that the resistance is satisfied with the military situation but remains realistic and is fully prepared for an offensive by the Vietnamese.

The tripartite resistance forces in Battambang and other areas have been enjoying good cooperation in the fight against the Vietnamese and morale is high, the commander said.

Battambang, known as the "grain store" of western Kampuchea, is also an important strategic area. The Vietnamese frequently launch strong offensives in attempts to keep control of the area and the fighting is often fierce, resistence commanders told the Chinese journalists.

Analyzing the military situation going into the ninth dry season since Vietnam invaded Kampuchea, one commander said the annual offensive will be weaker than ever because Vietnam will put its major forces around some big cities and towns to prevent attacks by the resistance forces. As a result, in the vast rural areas the Vietnamese will be on the defensive, not the offensive as in years past, he added.

Since the beginning of the dry season, the commander said the resistance forces have gained good results, destroying transport lines, weakening Vietnamese effectiveness and enlarging the area controlled by the guerrillas by wiping out a large number of local administrations of the Hanoi-installed Heng Samrin regime.

In the current November-April dry season, the commander said, the Vietnamese will likely launch a new offensive, but it will not be a large-scale operation because a large number of Vietnamese soldiers are inexperienced recruits.

The commander said the resistance forces have won great support from local populations by informing them about the eight-point peace proposal that the Coalition Government of Democratic Kampuchea proposed to Vietnam in March of this year. Some soldiers and officials of the Heng Samrin regime have also welcomed the plan after learning of its contents, he said.

The commander said that "we must unite various nationalities of the country, otherwise we can not drive out the enemy."

PHILIPPINE PRESIDENT RECEIVES PRC JOURNALISTS

OW021208 Beijing XINHUA in English 1153 GMT 2 Dec 86

[Text] Manila, December 2 (XINHUA) -- Philippine President Corazon Aquino said here today that she continues to be confident of her country because "we have a new cabinet and new [as received] and so much commitment and dedication to the furthering of the country's progress."

The president made the remarks when receiving a visiting Chinese journalists delegation.

Outlining the domestic situation, Mrs. Aquino said that now is a very significant period of the history of the Philippines. "We are having a new administration. We will hold a plebiscite on the new Constitution on February 2 next year. If the Constitution will be approved and ratified, then we will have congressional elections on May 11 next year."

"All this," she stressed, "will contribute to the stability and constitutionality of the country."

She said that the Philippine people will then get their country going and will work in the nation's rebuilding.

President Aquino noted that sometimes, some reports outside the Philippines presented the country in a very delicate and serious lie. Some businessmen cancelled their reservations here at the last minute because of the recent events in the Philippines.

She said that on the other hand, there are people who have found and adjusted to the Filipino way of doing things.

She pointed out that the Filipinos do everything very differently. "We have a peaceful and bloodless revolution. We have a way of announcing or advertizing a coup d'etat. So I think we Filipino people are able to show the way that we can do things in a peaceful and non-violent way."

President Aquino mentioned the ceasefire agreement reached recently between the government and the National Democratic Front representing the Communist Party of the Philippines and other political groups waging armed struggle in the past 17 years. "We are committed to the peace moves so that we will be able to work full time for the economic recovery program," she said.

President Aquino told the Chinese journalists that she welcomed the reporters from China, where her grandfather was born.

"I hope that there will be more delegations from China, for this will be very important for our two peoples to have a stronger and better relationship with each other," she stated.

The five-member Chinese journalists delegation arrived here on November 18 for a visit to the Philipines at the invitation of the National Press Club of the Philippines.

YAO YILIN MEETS AUSTRALIAN EMPLOYMENT MINISTER

OW271425 Beijing XINHUA in English 1223 GMT 27 Nov 86

[Text] Beijing, November 27 (XINHUA) -- Chinese Vice-Premier Yao Yilin met here today Australian Minister of Employment and Industrial Relations Ralph Willis and his party.

Willis arrived in China November 23 at the invitation of the Chinese Minister of Labor and Personnel Zhao Dongwan. The two ministers held talks here this morning to brief each other on labor employment in their countries.

LI PENG AT SINO-FRENCH IMPORT ACCORD CEREMONY

OW011316 Beijing XINHUA in English 1258 GMT 1 Dec 86

[Text] Beijing, December 1 (XINHUA) -- A contract on importation of two 330,000 kw power generating units from Alsthom of France was signed here today. Chinese Vice-Premier Li Peng attended the signing ceremony.

The two thermo power generating units will be installed at the Jiangyou Power Plant, Sichuan Province.

FRENCH COMMUNIST PARTY DELEGATION VISITS

SK220418 Tianjin City Service in Mandarin 1430 GMT 21 Nov 86

[Text] On the afternoon of 21 November at the Youyi Guesthouse, Wu Zhen, deputy secretary of the Tianjin municipal party committee, received the French Communist Party delegation headed by Gaston Plissonier, secretary of the French Communist Party Central Committee and member of the Political Bureau of the party Central Committee. The host and the guests had a warm and friendly conversation. He Guomo, Standing Committee member of the Tianjin municipal party committee, also attended the reception.

The French Communist Party delegation arrived in Tianjin on the evening of 20 November. After visiting the ancient cultural street, the delegation left Tianjin for Beijing on the afternoon of 21 November.

Xi Zhongxun Meets Delegation

OW291939 Beijing XINHUA in English 1546 GMT 29 Nov 86

[Text] Beijing, November 29 (XINHUA) -- Xi Zhongxun, member of the Political Bureau of the Chinese Communist Party Central Committee, met and feted here today a delegation from the French Communist Party led by Gaston Plissonnier, secretary of the Central Committee and member of the Political Bureau.

The delegation arrived here November 18.

GU MU, CHEN MUHUA AT SINO-FRENCH CONTRACT SIGNING

OW221337 Beijing Domestic Service in Mandarin 1200 GMT 17 Nov 86

[Text] A contract for building the China International Trade Center was signed at the Great Hall of the People on the evening of 17 November. The foundation stone for the project, a large Chinese-foreign joint venture approved by the State Council, was laid on 1 September 1985. The project, with a total floor space of about 400,000 square meters, is scheduled for completion by the end of 1988.

State Councillors Gu Mu and Chen Muhua and Minister of Foreign Economic Relations and Trade Zheng Tuobin attended the contract-signing ceremony. Through international bidding, the contract was awarded to the (S.C.O.A.) Company of France recently.

POLAND'S GORYWODA MAKES STATEMENT ON PRC VISIT

LD012245 Warsaw PAP in English 1956 GMT 1 Dec 86

[Report by PAP correspondent Jerzy Bajer: "Vice-Premier Gorywoda's Statement for PAP"]

[Text] Beijing, Dec 1 -- "I can assess the visit to the People's Republic of China as fruitful. The visit made it possible to learn more about the problems of economic development, the assumptions of the Chinese economic and social policies, as well as the aims and course of the implementation of the Chinese economic reform programme," Vice-Premier Manfred Gorywoda told PAP at the close of his Chinese visit.

"In the course of talks with the Chinese partners we could note that directions of seeking system solutions in the two countries were approximate, and a number of problems were marked by considerable similarities. It was agreed that the two sides would exchange experts in economic management in order to enrich the knowledge on the course of reforms in the two countries and experience in this field," the vice-premier said.

"Details of the programme of cooperation, which was adopted during the Polish delegation's visit to Beijing and which defines the scope of mutual interest, will be agreed upon by appropriate ministries. The two sides pointed to the necessity for Polish and Chinese enterprises to establish broader cooperation, including co-production which should be furthered by the decentralization of decisionmaking to the factory level," Gorywoda went on.

"The two sides stated that there were possibilities to broaden trade and production cooperation. They stressed the need to adjust the structure of exchange and forms of cooperation to the changing level of development of the two states," he said.

"The Chinese economy is developing dynamically and there are numerous modern plants in China. The opening to the world helped speed up the growth rate of the Chinese economy," Gorywoda said.

"In many respects, solutions applied by the Chinese side are very bold and far-reaching, and, obviously, they take account of local determinants.

"It is purposeful to closely watch the experience and effectiveness of Chinese solutions. The visit by the delegation of the Government Planning Commission to China helped exchange experience on the economic reform, assess the state of cooperation and directions of its development, and work our principles of broadening economic co-production and methods of cooperation between the planning bodies of the two states," Gorywoda said.

SONG JIAN TALKS WITH POLISH MINISTER TOTT

OW012026 Beijing XINHUA in English 1626 GMT 1 Dec 86

[Text] Beijing, December 1 (XINHUA) -- Song Jian, Chinese state councillor and minister in charge of the State Science and Technology Commission, held talks with Konrad Tott, Polish minister of scientific and technological progress and application, here today.

They explored new ways and forms of economic and scientific and technological cooperation between China and Poland.

Song Jian said forms of investment and operation need to be worked out to ensure the implementation of the cooperative projects. He suggested that Poland may invest in China or the two sides make joint investment in projects of common interest or conduct technical cooperation.

Later, Song and Tott signed a summary on the Polish delegation's visit to China and a Sino-Polish plan for 1986-1990 scientific and technological cooperation and a work plan for 1986-1988 direct scientific and technological cooperation between Song's commission and the Polish Commission for Science and Technical Progress under the Council of Ministers. This evening, Song hosted a dinner for the Polish guests.

PRC TRADE UNION DELEGATION ENDS POLISH VISIT

OW020210 Beijing XINHUA in English 0147 GMT 2 Nov 86

[Text] Warsaw, December 1 (XINHUA) -- A delegation from the All-China Federation of Trade Unions and Poland's National Federation of Trade Unions today agreed to develop further cooperation and exchanges.

The head of China's delegation Wang Shenxiang and chairman of Poland's Federation Alfred Miodowicz said the visit by the Chinese delegation has improved the traditional friendship and good relations between the two peoples and trade unions.

The delegation arrived on November 24 to attend the congress of Poland's National Alliance of Trade Unions. It met with Polish leader Wojciech Jaruzelski and visited factories and museums before departing for home today.

NPC OFFICIAL REVIEWS EAST EUROPEAN VISIT

OW281032 Beijing XINHUA in English 0704 GMT 28 Nov 86

[Text] Beijing, November 28 (XINHUA) -- A senior official of China's highest legislature said here today China and East European countries have much common ground on issues of development and peace and can learn from each other's experiences in national construction.

"Both China and East European countries, which are devoting themselves to socialist construction, economic development and improvement of their people's livelihood, are concerned about and maintaining world peace," he added.

Liao Hansheng, vice-chairman of China's National People's Congress (NPC) Standing Committee, made these remarks while reporting on the visit of a NPC delegation he led to Bulgaria, Hungary and Czechoslovakia last September and October to the Standing Committee at its ongoing 18th session here this morning.

He said: "The visit of the NPC delegation, the first to Hungary since the establishment of diplomatic relations between the two countries, and also the first to Bulgaria and Czechoslovakia since 1956, testifies to the growth of political relations between China and the three East European countries."

"This visit," he said, "has helped resume and further the contacts between the NPC and parliaments of the three countries, and promoted mutual understanding and friendship as well as friendly cooperation between China and these countries."

He said: "My delegation conveyed to leaders of the three countries China's wish to further its relations with them in various fields, and the three countries also expressed their desire to further relations with China and explore new ways for cooperation."

He told the committee that heads of the parliaments of Hungary and Czechoslovakia have accepted invitations from the NPC Standing Committee and its Chairman Peng Zhen to visit China.

The committee also heard a report on a NPC delegation's visit to Uruguay, Panama and Cuba today.

BULGARIAN PREMIER MEETS ELECTRONICS MINISTER LI

OW210748 Beijing XINHUA in English 0638 GMT 21 Nov 86

[Text] Sofia, November 20 (XINHUA) -- Bulgarian Premier Georgi Atanasov Thursday commented on Sino-Bulgarian ties and his country's economic reform in a meeting with Chinese Electronics Industry Minister Li Tieying.

Atanasov said the visit to Bulgaria by Li and his delegation will further improve trade between the two countries.

Electronics is one of the most advanced industries in Bulgaria and is a major contributor to the nation's gross national product, he said.

"The Chinese electronics industry is developing rapidly, thus the cooperation of the two countries in the electronics field is something promising," Atanasov said.

On Bulgarian economic reform, Atanasov said it is not a simple task to restructure the management system and introduce new equipment.

"However, as soon as the reform is complete, it will greatly increase Bulgaria's productivity," he said.

On Sino-Bulgarian relations, Atanasov emphasized that the recent visit to China by Bulgarian First Deputy Premier Andrey Lukanov has improved the two nations' economic ties. Bulgaria and China should establish a long-term, stable cooperative relationship, he added.

Lukanov, in a separate meeting with Li, also pointed out that "the contacts between our two countries have entered a new stage and the prospect for electronics cooperation is bright." He said both Bulgaria and China have sound ground on which to develop the industry. "We are willing to cooperate with China," he added.

The Chinese electronic delegation headed by Li arrived here November 17 for a visit aimed at increasing cooperation between China and Bulgaria.

ZHAO ZIYANG SUPPORTS PALESTINIAN RIGHTS

OW290402 Beijing XINHUA Domestic Service in Chinese 0138 GMT 29 Nov 86

[Text] Beijing, 29 Nov (XINHUA) — In a message to the chairman of the UN meeting to mark the "International Day of Solidarity With the Palestinian People," Premier Zhao Ziyang, on behalf of the Chinese Government and people, today expressed firm support for the Palestinian people's just struggle to regain their legitimate national rights. The message reads:

On the occasion of the "International Day of Solidarity With the Palestinian People," and on behalf of the Chinese Government and people, I wish to express our firm support and lofty respect for the Palestinian people, who have been carrying out an arduous struggle to regain their legitimate national rights, and our appreciation to the United Nations for its support for the Palestinian people's just struggle and its efforts to promote an early, just, and reasonable settlement of the Palestinian issue.

The Palestinian and Arab peoples have carried out a protracted struggle for their legitimate national rights and for recovering the seized territories. In recent years, the Palestine Liberation Organization and Arab countries, as well as the international community, have endeavored to seek a peaceful settlement of the Palestinian issue. Without regard to the voices of the international community and the series of resolutions adopted by the United Nations, the Israeli authorities have obstinately upheld their policies of aggression and expansion and refused to recognize the Palestinian people's legitmate rights, thereby impedeing settlement of the Palestinian issue, causing prolonged tension and turbulence in the Middle East and dire miseries to the nations in the region, and posing a great threat to world peace.

Profoundly sypathetic with, and firmly supporting, the just struggle of the Palestinian and Arab peoples, the Chinese Government and people are strongly opposed to Israel's intransigent position of aggression and expansion. I wish to take this opportunity to reiterate that Israel must withdraw from the Arab territories it has occupied since 1967, that the Palestinian people's legitimate rights must be restored, and that all countries in the Middle East should enjoy equal right of existence. China supports the convocation of an international conference on the Middle East, under UN auspices, to seek a just and peaceful settlement of the Palestinian issue. We are willing to continue to work hard with the international community to promote an early and reasonable settlement of the Palestinian issue. We are convinced that the Palestinian people, under the leadership of the Palestine Liberation Organization and with the support from the Arab countries, will utimately attain their lofty goal of regaining their national rights by strengthening their unity and persisting in struggle.

HUANG HUA ATTENDS PALESTINIAN DAY RECEPTION

OW282109 Beijing XINHUA in English 1553 GMT 28 Nov 86

[Text] Beijing, November 28 (XINHUA) — The Chinese People's Association for Friendship With Foreign Countries gave a reception here today to mark the "International Day of Solidarity With the Palestinian People."

Speaking at the reception, president of the association Zhang Wenjin said the Chinese people strongly condemn Israel's policy of aggression and expansion and firmly support the Palestinian and other Arab peoples in their just struggle for restoring their national rights and recovering their lost land.

Yusuf Rajab Radi, head of the mission of the Palestine Liberation Organization in Beijing, said: "We are not bellicose. We are fighting for peace which is based on equity."

He condemned the United States Government and Israel supported by it for their crimes against the Palestinian and other Arab peoples. He said the Palestinian people will rally around the PLO and carry on a tenacious struggle until final victory. He also thanked the Chinese Government and people for their consistent support to the Palestinian people's just struggle.

Huang Hua, vice-chairman of the Chinese National People's Congress Standing Committee, was among those present.

PRC DELEGATION VISITS ZAIRE, CAMEROON

Arrives in Zaire

OW230746 Beijing XINHUA in English 0631 GMT 23 Nov 86

[Text] Kinshasa, November 22 (XINHUA) -- Chinese State Council member Zhang Jingfu and his delegation arrived here tonight for a friendly visit to Zaire.

The Chinese Government delegation will attend the dedication ceremony of the cornerstone of "Kamanyola", the major sports complex China is helping Zaire build in Kinshasa.

Upon his arrival, Zhang told reporters that he carried a message from Chinese President Li Xiannian for Zairean President Mobutu Sese Seko.

Zhang said, "China and Zaire belong to the countries of the Third World. The Chinese people and the Zairean people maintain a very profound friendship. The two countries maintain very good cooperative relations in the areas of politics, economy, culture and sports."

Meets Zaire President

OW260440 Beijing XINHUA in English 0144 GMT 26 Nov 86

[Text] Kinshasa, November 25 (XINHUA) -- Zairean President Mobutu Sese Seko told visiting Chinese State Councillor Zhang Jingfu today that Zaire would spare no effort to strengthen cooperative relations between their countries.

Mobutu said China and Zaire are setting an example to the developing world with their exemplary South-South cooperation.

Zhang handed Mobuto a message from Chinese President Li Xiannian which underlined the importance China places on its friendly relations with Zaire.

Zhang arrived here November 22 heading a government delegation. The group was invited to attend on November 23 the ceremony to dedicate the cornerstone of "Kamanyola", a sports complex China is helping Zaire build in Kinshasa.

Attends Cornerstone-Laying

OW252347 Beijing XINHUA Domestic Service in Chinese 0652 GMT 24 Nov 86

[By reporters Chen Weibin and Huo Zhongyou]

[Excerpts] Kinshasa, 23 Nov (XINHUA) -- A cornerstone-laying ceremony for the (Kamaniaula) Multipurpose Stadium, a project to be built in Kinshasa with Chinese aid, was held here today. [passage omitted]

Chinese State Councillor Zhang Jingfu came here to attend the ceremony at the invitation of the Zairian Government. [passage omitted]

In a speech delivered at the ceremony, Zhang Jingfu pointed out that China is ready to work with its Zairian friends to explore new areas and ways for conducting economic and technological cooperation between the two countries, according to the principle of "equality and mutual benefit, with stress on practical results, diversified forms, and common development," to achieve greater results from their cooperation. [passage omitted]

The (Kamaniaula) Multipurpose Stadium is the largest stadium to ever be built in Africa with Chinese aid. It will occupy an area of 60,000 square meters. This modern stadium will consist of an 80,000-seat soccer field, a track and field events ground, and several volleyball, basketball, and tennis training courts.

Arrives in Cameroon

OW270348 Beijing XINHUA in English 0139 GMT 27 Nov 86

[Text] Yaounde, Novembr 26 (XINHUA) -- Chinese State Councillor Zhang Jingfu and his delegation arrived today in this capital of Cameroon.

During their five-day visit, the 16-member delegation will attend the inauguration ceremony of a hydro-electric power plant built here by Chinese engineers and technicians.

The delegation just completed a visit of Zaire. The next stop on their African tour is Central Africa.

Meets Cameroon President

OW280153 Beijing XINHUA in English 0146 GMT 28 Nov 86

[Text] Yaounde, November 27 (XINHUA) -- Cameroonian President Paul Biya met today with State Councillor Zhang Jingfu who is leading a delegation to African countries.

Biya told Zhang: "Your visit to Cameroon testifies to the desire of China to pursue the cooperation between our two countries."

Zhang delivered a letter to Biya from Chinese President Li Xiannian who said he awaits Biya's visit to China.

Biya said the Lagdo dam and hydro-electric power plant, which China helped Cameroon build, will play an important role in the country's economic development as it will prompt agricultural and industrial growth, particularly in northern Cameroon.

Zhang and his 15-member delegation, who arrived here yesterday, are to attend the inauguration ceremony of the hydro-electric complex.

Attends Power Plant Opening

OW301121 Beijing XINHUA in English 0908 GMT 30 Nov 86

[Text] Lagdo, Cameroon, November 30 (XINHUA) -- Cameroon's President Paul Biya and visiting Chinese State Councillor Zhang Jingfu yesterday attended the completion ceremony of Lagdo Hydro-electric Power Station in north Cameroon.

The four-generating-set plant, built by the Chinese External Hydro-electric Power Company, has an installed capacity of 72 mw.

Construction on the plant started in 1978 under a China-Cameroon economic and technical cooperation agreement signed in 1973. The first generating unit, which went into operation in 1983, had put out 300 million kw by the end of July 1986.

The plant, situated on the upper reaches of the Benue River, will greatly enhance agricultural and industrial development in northern Cameroon.

State Councillor Zhang Jingfu is now heading a Chinese Government delegation to countries in Central Africa.

KUWAITI MINISTER RETURNS HOME, LAUDS PRC VISIT

OW211344 Beijing XINHUA in English 1142 GMT 21 Nov 86

[Text] Kuwait, November 21 (XINHUA) -- The Kuwaiti Finance Mininster said that his visit to China is fruitful and satisfactory.

Kuwaiti Finance Minister Jasim al-Kharafi said this to the press at the airport Thursday night on his return from his one-week visit to China.

He said that during the visit Kuwait and China had initialed an agreement on the establishment of the Kuwait-China Joint Committee, which is responsible for the supervision of the implementation of all accords signed between the two countries.

During the visit, Kuwait and China had also signed a loan agreement by which the Kuwait Islamic Economic Development Fund will provide a loan of 2 million Kuwaiti dinars (6.8 million U.S. dollars) for the project of a brick factory in Shandong Province, east China.

China has decided to import 400,000 tons of chemical fertilizer from Kuwait, which amounts to two thirds of the Kuwaiti annual production.

PERUVIAN PROCURATORATE DELEGATION VISITS PRC

Meets Yang Yichen

OW292014 Beijing XINHUA in English 1612 GMT 29 Nov 86

[Text] Beijing, November 29 (XINHUA) -- Yang Yichen, procurator-general of the Chinese Supreme People's Procuratorate, met a delegation from the Peruvian National Procuratorate led by Procurator-General of the Nation Cesar Elejalde Estenssoro here this evening.

The Peruvian visitors came to China this afternoon and are scheduled to tour Shanghai and Suzhou in addition to Beijing.

Meets Court President

OW011312 Beijing XINHUA in English 1221 GMT 1 Dec 86

[Text] Beijing, December 1 (XINHUA) -- Zheng Tianxiang, president of the Chinese Supreme People's Court, met a delegation from the Peruvian National Procuratorate led by Procurator-General of the Nation Cesar Elejalde Estenssoro here this evening.

This morning, Elejalde had talks with leading procurators of the Chinese Supreme People's Procuratorate and the Beijing Municipal People's Procuratorate.

Later, the Peruvian procurator-general delivered a speech to 300 Chinese judicial workers on Peru's legal system and procuratorial work.

Peng Chong Meets Group

OW021236 Beijing XINHUA in English 1124 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) -- Peng Chong, vice-chairman of the National People's Congress Standing Committee, met here today a delegation from the Peruvian National Procuratorate led by Procurator-General of the Nation Cesar Elejalde Estenssoro.

SONG RENQIONG MEETS PERUVIAN TRADE UNION GROUP

OW241110 Beijing XINHUA in English 1039 GMT 24 Nov 86

[Text] Beijing, November 24 (XINHUA) -- Song Renqiong, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, met here today with a delegatiodn from the General Confederation of Trade Unions of Peru.

The delegation, led by the confederation's General Secretary Palentin Pacho, arrived here November 22 at the invitation of the All-China Federation of Trade Unions.

NPC RATIFIES CONSULAR TREATY WITH USSR 2 DEC

OW021352 Beijing XINHUA Domestic Service in Chinese 1243 GMT 2 Dec 86

[Text] Beijing, 2 Dec (XINHUA) — Decision of the Standing Committee of the National People's Congress on ratifying the "Consular Treaty between the People's Republic of China and the Union of the Soviet Socialist Republics"

(Adopted on 2 December 1986)

The 18th Session of the Standing Committee of the Sixth National People's Congress has made the following decision:

Ratifying the "Consular Treaty between the People's Republic of China and the Union of the Soviet Socialist Republic" signed by Vice Foreign Minister Qian Qichen on behalf of the People's Republic of China in Beijing on 10 September 1986.

Adopts Correspondence Law

OW021148 Beijing XINHUA in English 0728 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) — China's Postal Service Law, which was adopted here today, ensures that the privacy of letter writers is protected and those who open other people's mail will be prosecuted.

This new right applies not only to correspondence between Chinese people but letters written by foreigners and mailed within China are also protected, a Chinese official said here today.

Yang Taifang, minister of posts and telecommunications, said "the Postal Service Law is the first written law in the field of posts and telecommunications since the founding of New China 37 years ago," he said in an exclusive interview with XINHUA.

With 44 articles in eight chapters, the Postal Service Law clearly stipulates that privacy in correspondence is protected under China's Constitution.

The law stipulates "with the exception of state security and procuratorial organs which examine letters in line with legal procedures no one is allowed to infringe upon another's freedom of correspondence and privacy."

It also stipulates that no organization or person is allowed to examine or hold mail.

The minister expressed his confidence that the new law will not only protect the privacy of letter writers but help maintain good postal service and promote the development of posts and communications in the country.

He said, "it is based on the needs of the times, the needs of citizens and the needs for improvements in democracy and the legal system."

The minister noted that the problem of opening other people's mail had been a serious one during the Cultural Revolution (1966-76) in China. He said it is illegal for higher authorities to open letters addressed to someone of a lower level, teachers to open students' letters, parents to open letters of their family members while other people to steal stamps from letters or even destroy the mail. [sentence as received]

He added that "those who hide, destroy, or illegally open another person's letters should be punished in line with regulations set out in China's criminal code."

As for minor offenses, he said, the offenders should be punished according to regulations governing offenses against public order.

The Postal Service Law outlines the penalities postal service employees risk if they neglect duties and cause severe losses in public property and the interests of states and people.

Adjourns Meeting

OW022222 Beijing XINHUA Domestic Service in Chinese 1129 GMT 2 Dec 86

[Text] Beijing, 2 Dec (XINHUA) — The 18th meeting of the 6th NPC Standing Committee closed this morning at the Great Hall of the People after examining and adopting decisions on a number of draft laws and motions.

Chairman Peng Zhen attended the meeting.

The meeting approved the "Enterprise Bankruptcy Law (trial) of the People's Republic of China," the "Border Quarantine law of the People's Republic of China," and the "Postal Service Law of the People's Republic of China." The Enterprise Bankruptcy Law, consisting of 43 articles in 6 chapters, will be implemented on a trial basis 3 months after the state-owned industrial enterprises law goes into effect. The Border Quarantine Law, consisting of 28 articles in 6 chapters, will go into effect on 1 May 1987 to replace the "Border Quarantine Regulations of the People's Republic of China," promulgated on 23 December 1957, which will be rescinded at the same time. The Postal Service Law, consisting of 44 articles in 8 chapters, will come into force on 1 January 1987.

The meeting also approved decisions on revising the "Law of the People's Republic of China Governing Elections of the National People's Congress and People's Congresses at Various Local Levels" and the "Organic Law of the People's Republic of China Governing People's Congresses and Governments at Various Local Levels."

The meeting approved a decision on establishing a Ministry of Supervision of the People's Republic of China, and a decision on establishing a State Machine-Building Industry Commission and abolishing the Ministries of Machine-Building and Ordnance Industries. The meeting decided to appoint Zou Jiahua as the minister in charge of the State Machine-Building Industry Commission and remove him from the post of minister of ordnance industry.

The meeting also adopted decisions to ratify the "Consular Treaty Between the People's Republic of China and the Italian Republic," the "Consular Treaty Between the People's Republic of China and the Mongolian People's Republic," and the "Consular Treaty Between the People's Republic of China and the Union of Soviet Socialist Republics," as well as a decision on China's participation in the "Convention on Recognizing and Implementing Foreign Arbitration Ruling."

The meeting approved a report by the Credentials Committee of the Sixth NPC Standing Committee on the credentials of newly elected deputies, a report by the NPC Financial and Economic Committee on results in reviewing deputies' motions handed over by the Presidium of the Fourth Session of the Sixth NPC, and a report by the NPC Education, Science, Culture, and Public Health Committee on results in reviewing deputies' motions handed over by the Presidium of the Fourth Session of the Sixth NPC.

The meeting also made other personnel appointments and removals.

According to the NPC Standing Committee's procedures for examining draft laws, the "State-Owned Industrial Enterprises Law (draft) of the People's Republic of China" and the "Customs Law (draft) of the People's Republic of China,' which were submitted by the the State Council for deliberation at the meeting, will be handed over to the NPC Law Committee and the NPC Standing Committee's Legislative Affairs Commission for study and revision together with the NPC Financial and Economic Committee based on the preliminary views of standing committee members offered at the meeting, as well as suggestions by various localities and departments concerned, and then submitted to the next standing committee meeting for deliberation.

Vice Chairman Chen Pixian presided over the meeting today. Vice Chairmen attending the meeting were Geng Biao, Peng Chong, Zhu Xuefan, Ngapoi Ngawang Jigme, Banqen Erdini Qoigyi Gyancan, Zhou Gucheng, Rong Yiren, Ye Fei, Liao Hansheng, Huang Hua, and Chu Tunan.

State Councillor Wang Bingqian, President of the Supreme People's Court Zheng Tianxiang, and Procurator General of the Supreme People's Procuratorate Yang Yichen attended the meeting as observers.

STATE COUNCIL APPROVES COMMODITY PRODUCTION LOANS

OW250754 Beijing XINHUA Domestic Service in Chinese 0638 GMT 22 Nov 86

[Excerpt] Beijing, 22 Nov (XINHUA) -- The State Council has decided to appropriate 1 billion yuan in special loans at discount interest rates annually beginning this year for 5 years. This is to help key poverty-stricken counties develop commodity production and provide enough food and clothing for their people.

In this connection, the People's Bank of China and the Agricultural Bank of China have recently formulated "measures for supervising the special loans at discount interest rates to help poverty stricken areas," and have called on all localities to implement the measures.

According to the measures, the People's Bank of China will make special arrangements for the funds needed for the loans, which will be issued by the Agricultural Bank of China. Loans totalling 500 million yuan will be initially issued this year, and the remaining 500 million yuan will be added to the loans for next year.

The measures require that the special loans be issued to poverty stricken counties designated by the State Council's Leading group for Economic Development in Poor Areas; that the loans be focused on production projects with small investment but quick returns and which are suitable for individual households to make use of available local resources; and that priority be given to the raising of livestock, poultry, and aquatic products, exploitation of small mines, processing of farm products, and popularization of new technologies that have yielded remarkable results in increasing grain output. The term of the special loans is, in general, 1 to 3 years, and should not exceed 5 years. [passage omitted]

CPC, STATE COUNCIL HOLD RURAL WORK MEETING

OW241106 Beijing XINHUA in English 1031 GMT 24 Nov 86

[Text] Beijing November 24 (XINHUA) -- The Chinese Communist Party and the central government are taking new steps and are resolved to push forward the nationwide rural reform by developing the rural commodity economy, according to a meeting held here recently.

Senior party and government officials have called on local governments and all rural work officials to make persistent efforts in the rural reform which has attracted worldwide attention since 1979.

For the above purpose, the Central Committee of the Chinese Communist Party and the State Council held a joint meeting on rural work in Beijing between November 8 through 12, which was attended by leading officials from local governments.

Delegates discussed the arrangements for next year's rural work and set forth the general requirements -- continue to persevere in reform, strive for a big increase in grain output, develop the commodity economy to achieve a sustained and steady increase growth of the rural economy.

The delegates said it was the utmost task for China's rural areas to continue the ongoing reform next year while doing other jobs -- paying great attention to grain production, readjusting the structure of rural production, strengthening economic development in poor areas and taking effective measures to make a steady increase in peasants' income.

Chinese leader Deng Xiaoping made an instruction not long ago, saying that agriculture should be given a proper position.

In line with the spirit of this, the delegates held that it is the unwavering strategic goal in developing the national economy to ensure the supply of 400 kg of food grain per capita by the end of this century and try to achieve greater grain harvests.

The delegates unanimously agreed that China has achieved big progress in rural work this year while it is carrying out overall reform of economic system. A bumper grain harvest was achieved despite natural disasters. Farm product bases and rural industry expanded while farm produce markets are brisk.

On the whole, the rural situation is fine. The reform is going on in depth, 800 million peasants live and work in peace and contentment, production initiative is high and the socialist commodity economy is developing rapidly.

However, there still remain new problems to be solved, such as how the state can implement readjustment of agricultural production under the responsibility system based on the household, how to restructure the rural commodity circulation channels and how to improve relations of production and sale.

Despite the difficulties, the delegates said, there are many favorable conditions for China to push forward the reform. Peasants have already got benefits from the reform and are now displaying initiative.

The five-day meeting called on officials in rural areas to mobilize people to join in the reform and popularize the reform results.

STATE COUNCIL TO REORGANIZE GARMENT TRADE

OW281537 Beijing XINHUA in English 1537 GMT 28 Nov 86

["Garment Export Setup To Be Revamped" -- XINHUA headline]

[Text] Beijing, November 28 (XINHUA) -- To expand garment exports on a large scale during the next five years, China's State Council has decided to change the administration of the Chinese Garment Industry Corporation.

The Chinese Garment Industry Corporation, belonging to the Light Industry Ministry in the past, is to be put under the administration of the Textile Industry Ministry from today.

Textile products will become China's most important commodities for export in the Seventh Five-Year Plan (1986-1990). And by 1990, the export of textile products (including garments and silk) is expected to be 80 percent more than that in 1985.

To realize the goal, the government will implement favorable policies in funds, loans, taxes and the foreign currency to encourage textile exports.

In the past, the materials for making garments belonged to the Ministries of Textiles and Light Industry separately. And only 30 percent of the earnings of the textile products came from garments, much less than that of other textile-exporting countries.

The new setup will bring the whole process from material to ready-made products under unified control.

REGULATIONS FOR FOREIGN ENTERPRISES DRAWN UP

OW300529 Beijing XINHUA Domestic Service in Chinese 0724 GMT 26 Nov 86

[Text] Beijing, 26 Nov (XINHUA) — With the concurrence of the State Council Leading Group for Foreign Investment, the Ministry of Labor and Personnel has drawn up the "Regulations Governing Employment Autonomy, Workers' Wages, and Insurance and Welfare Fees in Foreign Enterprises." The full text of the regulations follows:

To implement the "State Council Regulations for Encouraging Foreign Investment," protect foreign enterprises' employment autonomy, and properly set the pay scale and the amount of insurance and welfare fees for Chinese workers, the following regulations are hereby prescribed:

I. On Foreign Enterprises' Employment Autonomy

1. In accordance with their production and operational needs, a foreign enterprise may set up its organs and determine the size of its staff. With the assistance of the local department of labor and personnel, it may recruit and hire workers, and employ those who are qualified.

With the concurrence of departments of labor and personnel of the regions concerned, a foreign enterprise may, through the department of labor and personnel of the province, autonomus region or municipality directly under the central government where it is located, recruit the engineers, if these personnel are not available locally.

2. The original employers should actively support the flow of their engineers, technicians, administrators, and skilled workers whom a foreign enterprise has tested and decided to employ. Should there be disputes, they should be arbitrated by the local departments of labor and personnel.

3. The senior administrators the Chinese side has sent to work at a foreign enterprise should be personnel who are knowledgeable of policies, as well as technical and administrative affairs, and who have initiative and can cooperate with the foreign enterprise.

The relevant departments should support their work and should, in general, not transfer them to other posts during their tenure of office. If a transfer is absolutely essential, it should have the consent of the board of directors.

4. A foreign enterprise may discharge those personnel found unqualified during their probation or training, or those who can be spared owing to changes of production know-how in the enterprise. According to the seriousness of the case, an enterprise can punish, or even dismiss, those workers who have caused fairly serious consequences by violating the enterprise's rules and regulations.

II. On Workers' Wages, Insurance and Welfare Fees

1. The pay scale of workers in a foreign enterprise shall be set by the board of directors according to the principle that it should not be lower than 120 percent of the average wage paid to the workers of a local state enterprise of the same trade and with similar conditions, and it should be readjusted according to the enterprise's economic performance. There should be a higher pay raise when economic performance is good, and there should be a small or no raise at all when economic performance is poor.

2. In accordance with the regulations of the local people's government, a foreign enterprise should set up funds for Chinese workers' retirement pension and insurance against unemployment. When a worker is employed, his insurance and other welfare benefits shall be handled according to the Chinese Government's relevant regulations for state-operated enterprises. The fees needed for such purposes shall be considered part of the enterprise's production cost.

3. In accordance with the regulations of the local people's government, a foreign enterprise should contribute to the housing subsidy fund, which will be used by the Chinese side of the enterprise to subsidize the construction or purchase of workers' living quarters.

CIRCULAR NOTES FAILURES IN PARTY RECTIFICATION

OW030501 Beijing XINHUA Domestic Service in Chinese 0006 GMT 3 Dec 86

[Text] Beijing, 3 Dec (XINHUA) -- A few units at the departmental and bureau levels of some provinces, autonomous regions, and municipalities and of some departments, ministries, and commissions among CPC Central Committee organs and central state organs have not yet carried out party rectification for one reason or another. Also, party rectification has yet to be started in more than 600 units at the county level. In view of this, the office of the CPC Central Commission for Guiding Party Rectification recently issued a circular asking party committees and leading party groups of the localities and the central departments concerned to strengthen supervision and guidance in this respect. They are being urged to make real efforts to grasp firmly and earnestly the party rectification work in these units and strive to have the work completed in the current winter-spring period.

The circular issued by the office of the CPC Central Commission for Guiding Party Rectification points out: There are numerous reasons for some units not conducting party rectification as scheduled. In some cases, the main reason is that the leading body is not sound enough to lead the party rectification work. In other cases, the units in question are under dual leadership of local authorities and departments in charge of the work in their specialized fields.

Owing to the poor job done by local party committees and departments concerned in coordinating their work, nothing has been done to organize and lead the party rectification work in these units. In still other cases, party rectification has been put off because the units in question have undergone changes in system or in structure. Unless positive efforts are made to speed up the party rectification work in these units, it is inevitable that the successful conclusion of the nationwide party rectification work will be adversely affected.

In the circular, the office of the CPC Central Commission for Guiding Party rectification sets specific demands on party rectification in these units. In the main, the demands are: The offices for guiding party rectification in the concerned provinces, autonomous regions, and municipalities and the party committees or leading party groups of the concerned departments, ministries, and commissions among the CPC Central Committee organs and the central state organs should conduct an investigation of units at and above the county level in their localities and departments that have not yet started party rectification; analyze the reasons for their failure to do so; and based on the respective conditions of these units, make concrete arrangements for the party rectification work. Party committees at higher levels should earnestly strengthen their leadership over party rectification work of these units and take effective measures to help them solve practical problems existing in the work. The party organizations of these units should, in particular, concentrate their efforts on grasping in a down-to-earth way every task connected with party rectification. While fulfilling the four tasks of achieving ideological unity, rectifying party style, strengthening discipline, and purifying party organizations, they should pay particular attention to solving their existing problems; seriously organize their party members to study the guidelines of the resolution adopted at the 6th Plenary Session of the 12th CPC Central Committee; and educate the broad masses of party members so as to vie with each other to act as models in building socialist material and spiritual civilizations.

COMMISSION WANTS CONTINUED POPULATION CURBS

OW012056 Beijing XINHUA in English 1544 GMT 1 Dec 86

[Text] Beijing, December 1 (XINHUA) — China must continue to limit its population growth, Wang Wei, minister in charge of the State Family Planning Commission, said here today.

Speaking at a national meeting on family planning, Wang said the proportion of older persons in the Chinese population is increasing.

According to a survey in 1982, the population of children in China under 14 years old accounted for 33.6 percent of its total population.

"Now these people are at the marriage stage and a baby boom can be expected," the minister noted.

Thanks to the nation's family planning policy, the birth rate has dropped since the 1970s. The population growth has been cut to 11 per thousand, but still higher than in developed countries.

The nation's population expanded at an average of 11,650,000 a year between 1981 and 1985 and the rate of increase picked up in the first half of this year.

Sponsored by the State Council, the meeting, which opened today, is attended by leading officials and people in charge of family planning measures in different provinces, municipalities and autonomous regions.

HU, DENG, ZHAO MEET UNITED FRONT WORKERS

OW021320 Beijing XINHUA Domestic Service in Chinese 0629 GMT 2 Dec 86

[Text] Hu Yaobang, Deng Xiaoping, Zhao Ziyang, and other party and state leaders this morning met with comrades attending the National United Front Work Conference and the National Conference on Propaganda in the Field of External Relations at the Great Hall of the People and had pictures taken with them respectively.

Those taking part in the meeting and picture taking also included comrades Wan Li, Xi Zhongxun, Qiao Shi, Yu Qiuli, Hu Qiaomu, Hu Qili, Wang Zhaoguo, Wang Zhen, Bo Yibo, Song Renqiong, Peng Chong, Zhu Xuefan, Ngapoi Ngawang Jigme, Banqen Erdini Qoigyi Gyancan, Zhou Gucheng, Rong Yiren, Chu Tunan, Yang Jingren, Qian Changzhao, Zhou Peiyuan, Burhan, Miao Yuntai, Fei Xiaotong, Zhao Puchu, Qu Wu, Lei Jieqiong, Huang Dingchen, and Su Ziheng.

HU JUEWEN COMMENTS ON UNITED FRONT WORK

HK021017 Beijing RENMIN RIBAO in Chinese 27 Nov 86 p 4

[Article by Hu Juewen [5170 0628 2429] and Hu Ziang [5170 1311 2491]: "Views on United Front Work Led by the Communist Party of China"]

[Text] The united front work situation in our country has indeed become better and better since the 3d Plenary Session of the 11th CPC Central Committee. In the wake of progress in all-round reform, the process of opening up to the outside world, the great cause of the reunification of the motherland, and the implementation of the basic principle of "one country, two systems," our united front is now faced with many new problems that need to be dealt with earnestly and handled properly. We are too old to be well informed, and we think we are subject to quite a few limitations regarding our knowledge of the whole situation in united front work. But, after all, we would like to air our views on the strengthening and improvement in the CPC's leadership over the united front in light of our knowledge of developments in the past few years, and our forecast for the future.

1. Living in old China for decades, we had expended all our energies in our struggle and experienced all kinds of hardships. Our painful experiences during the past several decades gradually awakened us to the fact that old China's poverty and backwardness, its long submission to foreign powers, and its helpless position was in fact mainly due to the Chinese nation's disunity and disintegration. Therefore, China's hope of survival lay only in the establishment of a united front in place of the state of disunity. A leadership core is needed to consolidate and develop the united front. Without it the country would lack centripetal and cohesive forces as well as the power of endurance, and we would suffer the same old disasters, even if a situation of unity emerged for a while. To establish our nation's leadership core, we can never lay our hope on a certain individual or a certain group claiming himself or itself to be the leader. Nor can we impose any leadership core on the people by force of arms or by any means that is unacceptable to the masses. A leadership core of the people should only emerge from the people and be chosen by the people themselves. This is the people's most important democratic right. Here we prefer the term "leadership core" because it tells people at first sight that the leaders are among the people and their allies and not separated from them, still less riding roughshod over them. A leadership core should take wholehearted service to the people as its motto. It should also be able to formulate correct lines and policies that suit China's national conditions, and lead the people in their persistent struggle through to complete victory.

In their long struggle of success and failure and repeated comparison, the Chinese people have chosen their own leadership core, namely the CPC. We wholeheartedly agree with what Chairman Mao Zedong said: "Without the broadest united front composed of the vast majority of the whole nation's population, the victory of the new democratic revolution in China will be impossible. What is more, this united front must be under the strong leadership of the CPC. Without the strong leadership of the CPC, no revolutionary united front will win victory." This is a general summary of the experience presented by the victorious Chinese revolution, in the course of which we endured all kinds of hardships. This is also a guideline that the Chinese nation and its united front have to faithfully observe in the new historical period.

2. The CPC Central Committee pointed out a few years ago that the united front had better be expanded, as a united front with a limited size will be unfavorable to our work. What a splendid idea this is! Whether a united front is a broad one is a basic criterion to judge whether it is successful. A broad united front will be prospering while a small one will be declining. The reason why an excellent situation in united front work has emerged in our country in the past few years is because, above all, our united front has been expanding. China's patriotic united front includes not only all socialist laborers and patriots who support socialism, but also all the patriots and Overseas Chinese who endorse the idea of reunification of the motherland, but do not necessarily support socialism. The principle of great unity and great unification must be upheld. At the same time, we must be well prepared for new circumstances and problems arising from an expanded united front and handle them properly, so that our patriotic united front can keep abreast of the policy of "one country, two systems," and more efficiently serve the cause of reunification of the motherland and reinvigoration of China. For this reason, we must give full play to the initiative and independence of the different component parts in the united front and, on the other hand, enhance our understanding of the importance of a requisite leadership core for the united front, and carry out these principles resolutely. We must make it clear that China's patriotic united front must operate under the CPC's leadership. In the future, the CPC's leadership over the united front should only be strengthened and not weakened.

3. We maintain that the CPC's leadership must be upheld because, after all, the CPC as a whole deserves the people's trust evaluated in light of its whole history. Like other organizations, the CPC exists in a real social environment rather than in a vacuum, and communists, including the leading cadres, are men rather than gods. Therefore they may commit one kind of mistake or another from time to time. In maintaining that the CPC's leadership must be upheld, we mean to uphold what has been proved correct rather than what has been proved wrong. So the CPC's leadership will only be strengthened if it upholds truth and sets to correcting mistakes. The very reason the CPC's leadership must be strengthened as well as improved is that improvement of leadership is for the purpose of strengthening leadership, and also because leadership cannot be strengthened without improvement. The CPC has very rich experience, both positive and negative, in exercising leadership over the united front. To cope with new circumstances and new issues emerging one after another, we must continue in everything to proceed from actual conditions, constantly sum up new experience, forsake old conventions, and do our utmost to overcome conservative conceptions. Needless to say, we still have to vigorously clear away the influence of erroneous "leftist" thinking. In our opinion, this is one of the requirements laid on the CPC in its effort to improve its leadership over united front work. The corrosion of capitalism, feudalism, and small producers' behaviorial patterns, will be inevitable in the expansion and in-depth development of united front work.

We must view this phenomenon in the correct light and handle it properly. This is another requirement for the party in improving its leadership. In brief, the CPC needs to make efforts to improve itself in united front work so that its leadership can be constantly upgraded. We believe that brighter prospects will surely emerge in our country's united front work so long as the CPC and all related departments can adhere to the principle of "long-term coexistence and mutual supervision" and that of "treating each other with all sincerity, sharing each other's weal and woe." They should implement these principles in building the socialist democracy and legal systems, do more practical work, and emphasize practical results.

RENMIN RIBAO ON OPENING UP, CIVILIZATIONS POLICY

HK260845 Beijing RENMIN RIBAO in Chinese 19 Nov 86 p 1

[Commentator's article: "Opening to the Outside World Is Also Applicable to the Building of Spiritual Civilization"]

[Text] The resolution adopted by the 6th Plenary Session of the 12th CPC Central Committee points out: "As a basic, unalterable state policy, opening to the outside world applies to the building of material as well as spiritual civilization." This is a definite, brilliant conclusion and also a principle we should make great efforts to understand in the course of building spiritual civilization.

Material and spiritual civilization cannot be separated, each permeating and promoting the other. It is inconceivable that civilization can be evenly divided into two parts, material and spiritual, and that material civilization can be imported and spiritual civilization can be produced and used domestically. Similarly, we must not think that in foreign countries there is no spiritual civilization to speak of. Instead of being the patent of a particular school of thought, spiritual civilization is the product of interchanges between different nations, and the crystallization of outstanding human culture. As a new state of human cultural development, socialist spiritual civilization should critically carry on all civilized traditions in human history. Some developed countries have rich experiences in building a material civilization, as well as the experience of building a spiritual civilization, which are worthy of our attention. In discussing the supreme achievements of capitalist civilization, writers of Marxist classic works called some capitalist countries, in Europe and America, the most civilized countries. Freedom, democracy, equality, and humanism are manifestations of achievement in capitalist countries' spiritual civilization. It must be clearly stated that the achievements of spiritual civilization in capitalist society are not necessarily bourgeois, such as respect for women, always keeping forging ahead; loving science, and paying attention to efficiency, are worth studying and using as reference. As far as moral principles and concepts are concerned, every society has "the simple requirements of morality and justice which should be followed by people in their relations with others" as Marx said or, social morality in our terms which includes observing social order, stressing civility and courtesy, and paying attention to public hygiene. There are no class boundaries in social morality. Capitalist society offers a lot worth our study in this aspect. In building socialist spiritual civilization, instead of indiscriminately and flatly rejecting acceptance of the achievements of mankind's spiritual civilization, we should master the world's advanced science and culture with great determination, including those in capitalist countries, and incorporate and further develop them in our practices, while discarding their capitalist, ugly and decadent aspects.

Modern and Chinese history have shown that it will be impossible for a country or a nation to achieve development and make progress if it refuses to accept advanced exotic science and culture. National seclusion is both an indication of the backwardness and ignorance of a country or nation and a cause for it. On the contrary, in using things foreign, we should regard them as captives, ordering them about without the slightest hesitation and ultimately mastering them. This is the way to make our country prosperous and our people spiritually sound. The flourishing age of China's Tang Dynasty and Japan's Meiji Restoration are cases in point. History and practice tells us that neither will it work to build material civilization behind closed doors, nor will it serve the purpose of building spiritual civilization in such a way. No doubt opening to the outside world is good for putting an end to the backward economic situation, but it will also be good for changing people's ideas and concepts. Just think. The concepts of time, efficiency benefit, competition, enterprising attitude, striving for the best, information, knowledge, value, technological progress, investment in intellectual resources, and development of talent, concepts which have been universally received by the Chinese people in recent years, are related to opening to the outside world in one way or another. The thrashing of many backward and ignorant traditional concepts is attributed to opening to the outside world.

Looking back on the course of opening to the outside world over the last few years, we can see that China is opening its doors bit by bit in areas proceeding from science and technology, managerial expertise, to ideology and culture. In the wake of opening to the outside world, some problems which many people were previously worried about have either not appeared or have been quickly solved. Some specific individuals failed to resist the inroads of bourgeois ideas in executing the opening up policy. The policy is not responsible for this state of affairs, exactly the reverse. This only shows that China was closed to the outside world in the past and lacks basic abilities in adapting to the rest of the world. It will not do for China to close its doors again. Problems emerging in the opening can only be solved in the course of opening up.

Modern scientific theory tells us that the internal departments of a closed system will become increasingly chaotic, and the case with an open system will be exactly the opposite. This theory has been applied successfully in the study of social developments. Socialist spiritual civilization is also an open system. It can retain its youthfulness only in the course of opening to the outside world. Under this open system, China should integrate itself into the world in terms of spiritual civilization and learn from others' strong points to offset its weaknesses, to develop itself, and to promote one another. It should make its own contribution to mankind as a nation with a population of 1 billion people. "All the rivers run into the sea, yet the sea is not full." Opening to the outside world will surely infuse fresh vigor into socialist spiritual civilization.

RENMIN RIBAO ON DEEPENING RURAL REFORMS

HK280750 Beijing RENMIN RIBAO in Chinese 25 Nov 86 p 1

[Editorial: "Deepening the Rural Reforms"]

[Text] After analyzing the situation, the central rural work conference held recently studied and defined the new tasks of rural work. Of the many tasks to perform, which is principal? Reform is principal. Only when reform is adhered to and carried forward can the replacement of the old structure by a new one be accomplished and can the self-supporting and semi-self-supporting economy move to a planned commodity economy.

The rural reforms begun in the late 1970's heralded the social revolution carried out under socialism in China. The progress of the reforms has proved that reforms are the locomotives of modern Chinese history. In 7 years or more of reform, the Chinese countryside has been advancing by leaps and bounds. This year is another bumper harvest year for China. The secondary and tertiary industries are continuously developing. A new situation has been created in helping poverty-stricken areas shake off poverty and gain prosperity. The commodity economy has become enlivened. Over the last few years, with the establishment of a system of contracted responsibilities on the household basis with payment linked to output and the opening of commodity economic markets, thousands upon thousands of peasants have obtained decisionmaking power in production and operations, enthusiastically carried out production, participated in the circulation sector, and engaged in various diversified undertakings, thus shattering the economic structure characterized by longstanding adherence to a pattern of stressing a single product and a single economic sector and by separating the cities and villages. Hence, a new economic pattern of stressing multiple economic sectors, various forms of operation, and development of diverisified undertakings has begun to take shape and the rural economy, which has changed significantly, has become the most vigorous and dynamic sector in our country's economic life. The situation now is that the old economic structure has just been smashed but it continues to function while the new one is in the process of formation and therefore still not perfect. If we liken this to building a house, we have just finished the groundwork and erected some frames. The house is far from completion. As far as the basic objective of changing the natural economy into a modern, planned commodity economy is concerned, rural reforms still have a long way to go.

A decisive step was already made in reforming the rural system of unified and fixed purchases by the state in 1985. This marked that the second-step rural reforms had begun. At the beginning of this new stage of reform, we were confronted with many unforeseen problems, such as that the just loosened controls over some farm produce prices were retightened, barriers between different localities were erected one after another, imbalance between the supply and demand of some products was serious, and residents in big cities became highly sensitive to food price hikes. How should we approach these problems? How should we grasp the characteristics of the rural reforms in this new phase and what countermeasures should we take in this regard? Many comrades take great interest in these problems. Generally speaking, rural reforms are in a period of transition in which new and old economic structures coexist and are bound to collide. In deepening the rural reforms, our aim is to change the old structure's longstanding pattern of interest. This cannot but lead to various contradictions. These contradictions among the people need careful and skillful handling; therefore, on no account must we act with undue haste in this regard. To absorb market mechanisms and to move from the stage of self-supporting and semi-self-supporting economy to that of commodity economy, the rural economy must undergo a process of development, a process of gradual advance and accumulation different from the situation in which the first-step rural reforms were carried out in a comprehensive way at one stroke. In deepening the rural reforms, we must consolidate, substantiate, and improve what we have achieved in the first step of rural reforms on the one hand and blaze new trails and remove all obstacles confronting the second-step rural reforms on the other. These reforms should be carried out hand in hand with the urban economic structural reform and political structural reform. All this indicates that deepening the reforms in the rural areas is a complex and long-term task. It will take longer than expected.

The rapid development and great success of the first-step rural reforms gave some comrades a false impression that breakthroughs in reform could readily be attained one after another and that we could make a success in deepening the reforms without making an effort. [paragraph continues]

Realizing the fact that the second-step reforms, crammed with numerous frictions, need to tackle knotty problems but that slow progress has been made in this regard, some comrades were at a loss, not knowing what to do and even wanted to backtrack. This is the manifestation of an inadequate understanding of the new characeristics of the rural reforms curently developing in depth. Although there are difficulties confronting the reforms, a new structure is taking shape with an irresistible force. We must not expect the reforms to be accomplished at one stroke, and we have no reason to beat a retreat in the face of difficulties. The numerous new problems currently exposed in the course of reform just serve as a window for us to study contradictions and will help us deepen our understanding, readjust and substantiate our policies, methods, and measures so that they will become more adaptable, and formulate new policies and methods. For example, the reform of the system of purchasing and marketing grain is aimed at removing the rigid controls over grain purchases and sales but conditions are not yet ripe for complete abolition of controls over grain prices. Therefore, at present it is more appropriate to adopt a transitional "double-track" system under which rational amounts of grain purchased according to contracts will be set and the scope of unified grain purchases will gradually be reduced and that of grain purchases and sales at negotiated prices expanded. In this way the interests of the peasants and city dwellers can be taken care of and the objective of commercialization attained. In brief, reform calls for effecting a breakthrough and to do so needs the blazing of new trails. We should not turn about and follow the beaten track just because we come across new problems. The complexity of rural reforms demands more solid and painstaking work from our leaders and cadres. Now, work in many fields remains at the stage of general discussions and theorizing. This state of affairs must resolutely be changed. Deepening the reforms calls for both destruction and construction and construction demands meticulous organizational work and efforts to give a more scientific definition to the new structure.

Generally speaking, the Chinese countryside, currently still in a stage of development, is underdeveloped. It has great potentials in reform and development. So long as our policies are correct, there will be bright prospects for our rural areas. At present, although we are confronted with various difficulties in carrying out the reforms, we still have striking, favorable conditions in this aspect. We must accept any new challenges, carry out the rural reforms in a bold, properly guided, and intensive way, and create conditions to scale new heights in rural economic development.

PLA HOLDS MILITARY EXERCISE IN NORTH CHINA

OW241151 Beijing XINHUA Domestic Service in Chinese 0028 GMT 20 Nov 86

[By reporter Zhao Su]

[Text] Beijing, 20 Nov (XINHUA) — A mechanized Army group exercise recently conducted by the PLA somewhere in north China demonstrated the Chinese Army's new look and enhanced capability to safeguard the motherland after it had reduced its size, reorganized its troops, and undergone structural reforms.

Appearing in front of this reporter was a new combined battle array formed by various arms of the services. There were a few hundred camouflaged tanks, armored cars, self-propelled artillery, rocket mine laying cars [huo jian bu lei che, 3499 4628 1580 7191 6508] rocket mine sweeping cars [huo jian sao lei che, 3499 4628 2217 7191 6508] tank-launched bridges, armored ambulances, and various engineering and construction vehicles. In addition over a thousand transport trucks, staff cars, and communications vehicles covered with camouflage nets were aligned in good order in the assembly camp.

These vehicles were all designed and manufactured in China. During the maneuvers, which lasted for several days, these vehicles also served as living quarters. Soldiers could encamp at any time, any place so they did not have to live in the open during the exercise. Battlefield kitchens kept cooking squads from having to cook in the open air.

The "red army group" began its counterattack exercises. An iron flood, formed by various kinds of battle vehicles, overwhelmingly threw itself on the "blue army group." "The red army's" fighter planes, bombers, attack planes, and artillery simultaneously opened fire at the "blue army group's" positions in order to provide cover for infantry attacks. When an advance party of soldiers approached the "blue army group's" defenses, various kinds of individual rocket explosion devices [dan bing huo jian bao po qi, 0830 0365 3499 4628 3615 4275 0892] of the "red army group's" sapper teams were detonated to clear the barriers and pave the way for the "red army group's" assaults. The "blue army group" was suddenly put under the three-pronged attack of the "red army group."

This reporter then went to the army group's automated command center. There I saw the flickering neon lamps of microcomputers, and communication lines stretching to forward positions. In the operations room, commanders wearing helmets and anti-chemical-warfare suits were briefed by the army group's chief on the relative military strength of each side. The commander of the army group passed a remote control button, and the topographic features, roads, topographical markers, and strong points of the "blue army group's" positions and deep areas clearly appeared on a large screen. His oral battle orders were also shown on the screen word by word, and at the same time printed out by microcomputer operators. It took only slightly more than 10 minutes from issuing the orders to transmitting them out.

According to the officer, 80 percent of military documents regarding the exercise as well as the battlefield situation were analyzed and processed by microcomputers. the chief of the army group could directly converse with any fighting unit in the forward positions so that he could coordinate various arms of the services in order to form a massive collective attacking force.

It was learned that commanders at army, division, regiment, and brigade levels commanding the army group's exercise ranged in age from 50-plus to 30-plus, and most of them were trained at military academies. According to military experts, orders were basically correctly issued, military operations were basically rational, and coordinating work was properly carried out in organizing and commanding the exercise.

STUDY OF MODERN MILITARY HISTORY EXAMINED

HK020717 Beijing RENMIN RIBAO in Chinese 28 Nov 86 p 5

[Article by Zhang Yiwen (1728 0001 2429) and Shi Duqiao (2457 3256 2890): "Strengthen the Study of China's Modern Military History"]

[Text] China's modern military history is an important component part of modern Chinese history. Almost all major historical incidents in modern Chinese history are related to military affairs. Therefore, making a thorough study of China's modern military history not only has military value but also plays an important role in deepening the study of modern Chinese history.

This historical phase focused on the study of China's modern military history is a very important historical period in the history of China's military development and is also the only bridge between China's ancient military history and the country's contemporary military history. In the past, due to the fact that modern military affairs always related to the failures of the Chinese people's wars against foreign aggressions, people were always in a sad and dispirited frame of mind when studying this historical period. It seemed to them that study of this phase of military history did not have much value. It is true that during this historical period, the government of the Qing Dynasty suffered many setbacks and failures and the Chinese nation was subjected to pain and humiliation caused by big powers' invasions. However, it was just during this process that the Chinese people began to gradually awaken and the Chinese military affairs began to transform and move ahead during the sharp social upheavals. If we contrast the Opium War with the Revolution of 1911, we can easily see that during this period lasting 70 to 80 years, there had been tremendous changes in China's weaponry, military organizations, compositions of officers and men, modes of operations, and military thought. These changes were actually deeper than the changes in the previous 700 to 800 years. When we see such tremendous changes in Chinese military affairs, we will recognize the value and significance of studying this historical period and draw beneficial lessons from it.

In comparison with the current researches on China's modern political history, modern economic history, modern cultural history, and modern history of foreign relations, the study of China's modern military history is still a weak link, much foundational work and many issues remain to be carried out and further explored, and some areas remain to be opened up to fill certain gaps. There are both objective and subjective reasons for this state of affairs. But the study of military history in the nature of a marginal course is undoubtedly an important factor causing the current state of affairs. Comrades engaged in the study of history always flinch from embarking on the study of military history on the ground of not knowing military affairs. Comrades with knowledge of military affairs are always awed by the study of military history due to their unfamiliarity with history. Now is the time to break through this kind of barrier and eliminate the sense of mystery. Some comrades' practices have proved that provided comrades engaged in the study of history are determined to study military history, they will surely be able to get a good grasp of military affairs and will surely achieve successes in the study of military history. Practice has also proved that provided comrades with certain military knowledge are determined to study military history, they will surely be able to achieve successes in the study of military history too. The key lies in determination and willpower. It is not difficult to learn the rudiments of the subject and it is also entirely possible to study it intensively and in depth and to achieve successes in the study.

China's modern military history has very substantial content. The study of this branch of learning is undoubtedly a systematic project. Although China's modern military history is only a subsystem of the modern history of China, it is a major system to its subsections such as the history of army building, the history of wars, the history of military technology, and the history of military thinking. The study of such a major branch of learning should go through a process of proceeding gradually from the easy to the difficult and from the outside to the inside. In connection with the conditions of China's modern military history, the study should be conducted through the following five levels or steps: 1. Compiling a chronicle of events — we should understand fully and arrange various modern Chinese military activities in order of importance to provide a scientific and reliable basis for the study and compilation of a complete modern military history of China. [paragraph continues]

2. Compiling basic historical data — we should carefully select, sort, collect, and publish all relevant historical data concerning modern military systems, modern military industries, modern military education, and modern military thinking, to provide a solid material base and convenient conditions for the study of China's modern military history. 3. Conducting monographic studies — historians both inside and outside the Army have conducted many monographic studies, scored impressive achievements in this field, and provided many valuable basic source materials for the study of China's modern military history. The current tasks are to fill a few gaps, replenish weak links, and conduct monographic studies on military issues of relatively strong professional characteristics. 4. Conducting specialized historical studies — China has so far published only one comprehensive modern history book in a specialized military field, entitled "The Modern History of Chinese Warfare" [Zhongguo Jindai Zhanzheng Shi 0022 0948 6602 0108 2069 3630 0670]. There are still no other comprehensive modern history books in specialized military fields, such as the modern history of Chinese military systems, the modern history of Chinese weaponry, the modern history of Chinese military figures, and the modern history of Chinese military thinking. In view of the existence of a definite foundation of monographic studies, writing specialized history books should be placed on the agenda. 5. Studying and writing a modern military history of China — a modern military history of China is definitely not a simple collection of various specialized history books. In writing a modern military history of China, we should stand on a high plane of the modern history of China deeply analyze and study modern military activities carried out by various classes and the activities' internal relations on the basis of various classes and the activities' internal relations on the basis of various specialized history books, strive to explore and bring to light the laws governing the modern military movements in China, and make a theoretical summarization.

The study of China's modern military history is a gigantic and arduous task requiring joint efforts by old, middle-aged, and young historians. To fulfill this task, we must now carry out work in the following three aspects: First, we must establish as quickly as possible a society for the study of China's modern military history and map out plans for organizing comrades engaged in the study of modern military history in different parts of China on various fronts to promote division of labor and cooperation. Second, current research on China's modern military history must focus on studies in specialized fields. Historians who are resolved to study military history should work in connection with the unified planning and the weak links in the current research on modern military history and write a number of specialized history books with full and accurate historical data and sound reasoning to lay solid foundations for writing a modern military history of China during the next stage. Third, we must train a number of qualified personnel in the study of modern military history.

We believe that if the work in these three aspects is carried out, the study of China's modern military history will enter an entirely new phase.

HOUSING SURVEY SHOWS LIVING CONDITIONS INADEQUATE

OW021440 Beijing XINHUA in English 1119 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) — A nationwide survey shows that while 91 percent of the homes in China's cities and towns were built in the last three decades, living conditions are still inadequate.

The survey shows that 30.5 percent of the existing houses don't have kitchens, 27 percent have no running water and 66 percent have no toilets. Presently, all these necessary living facilities are replaced by some other measures.

The survey was jointly conducted by the Ministry of Urban and Rural Construction and Environmental Protection and the State Statistical Bureau. The statistics show the amount of living space for many families has increased since the founding of new China in 1949. The minister of urban and rural construction, however, admitted as many as 10.54 million urban families still lack shelter.

At the end of last year, there were 4.676 billion square meters of housing in China's cities and towns, an average of 6.36 square meters per person.

The results of the survey were released today by Ye Rutang, minister of urban and rural construction and environmental protection, at a press conference.

Ye Rutang said, housing conditions are a serious problem and it will take more effort and time to improve the living conditions of urban residents.

The survey, started last July, investigated the living conditions of 150 million urban residents in 28 provinces, autonomous regions and municipalities directly under the central government.

According to the survey, 51 percent of the houses, with a total floor space of 2,385 billion square meters, belong to various government departments.

Ye Rutang noted that the survey provided a comparatively accurate and dependable data for the development of national economy and society, housing management and construction.

RULES ON RESIDENT IDENTITY CARDS DISCUSSED

HK030827 Beijing RENMIN RIBAO in Chinese 28 Nov 86 p 4

[Commentator's article: "Important Rules on Implementation of the Resident Identity Cards System"]

[Text] The "Rules for Implementation of the Regulations of the PRC on the Resident Identity Cards System" adoptd by the State Council and promulgated by the Ministry of Public Security is another important administrative ruling following the "Regulations of the PRC on Resident Identity Cards" as well as the specific standards for our resident identity cards management work. Its promulgation and implementation are significant in terms of implementing the regulations on resident identity cards.

The rules have made the regulations more concrete, and reaffirm further and specifically clarify the regulations' basic principles and essence, and clearly state a complete set of procedures, methods, and requirements from application to the management of resident identity cards. Therefore, the masses have got a deeper and clear idea about the requirements for applying for resident identity cards, organs that receive applications, application procedures and how to use the cards, how to renew and apply for reissue of cards, and how to treat the examination.

The rules emphasize that to issue resident identity cards is an important work of China's household management system. Therefore, we should implement the principle of making things convenient for the masses and praciticing scientific management. The resident identity cards are the statutory identity document of the state. [paragraph continues]

The cards, which should be in a centralized pattern, should be issued in a centralized way by law enforcement agencies and can be used nationwide and comprehensively. In addition, the cards should be convenient to carry and use, difficult to counterfeit, and legally effective in identifying the status of residents. At the same time, we should number in a centralized way across the country each card for each person. This helps the application of modern scientific and technological means for administration and the provisions of population information, to serve the whole society.

China has over 2 years' experience in implementing the resident identity card system. At this moment, over 80 cities, including Beijing, Shanghai, Tianjin, Guangzhou, Wuhan, Shenyang, Chengdu, Chongqing, Xian, and Kunming, as well as some special economic zones and border areas, have issued resident identity cards to over 40 million residents. When picking up mail, purchasing air tickets, lodging in hotels, consigning articles for sale on commission, and registering marriages, the residents have begun using their identity cards. Through the resident identity cards, the public security organs solved many criminal cases through the administrative work of examination, thereby effectively hitting at crimes and protecting the people. As many administrative and supervisory departments attach great importance to the role of resident identity cards, they have made their work easier and have improved their efficiency. The resident identity cards have played and are playing an important role in making things more convenient for people in their daily life, in safeguarding people's legitimate rights, and in maintaining social order. The masses urge use of the resident identity cards in a more comprehensive way in various sectors and to give play to their role. The formulation and promulgation of the rules have provided the legal guarantee for correctly using and administering the resident identity cards. Each resident should voluntarily observe the regulations and the rules. They should be active in submitting applications and properly handling and correctly using the cards.

JOURNAL DISCUSSES PROVINCIAL-LEVEL DISMISSALS

HK010801 Hong Kong KUANG CHIAO CHING in Chinese No 170, 16 Nov 86 pp 18-20

[Article by Kuo Te-ming (6753 1795 2494): "The Inside Story of the Case of Ni Xiance and Huang Huang -- Huang Huang Is Replaced by Li Guixian as Provincial CPC Secretary of Anhui Province and Ni Xiance Shields His Mistress Who Committed All Kinds of Outrages in Hong Kong"]

[Text] The Inside Story of the Cases of Ni Xiance and Huang Huang [subhead]

Anhui Provincial CPC Secretary Huang Huang and Jiangxi Provincial Governor Ni Xiance have been dismissed in succession because of serious errors. Following the 8,000-person meeting convened in Beijing at the beginning of this year announcing catching tigers in the Year of the Tiger, notwithstanding that several important and major cases have been publicized, the cases which have been revealed have tended to become less and less important and the ranks of the officials involved have tended to become lower and lower. Meanwhile, surprisingly, even though the main characters involved in the cases of Huang Huang and Ni Xiance are all important leading cadres at the provincial level, the two cases do not seem to have been included in the list of major and important cases.

Recently, I learned that Huang Huang was dismissed from his post as provincial CPC secretary of Anhui Province as early as April this year. However, as this information had never been openly released, people in Hong Kong and foreign countries learned about it only from the exclusive report of KUANG CHIAO CHING in September. Although the news about the dismissal of Ni Xiance from his post as governor of Jiangxi Province had been once preliminarily reported by a news agency on the mainland by the end of September, it also stopped half way and gave no details later on.

The Errors Committed by Ni Xiance and Huang Huang Are All Related to Hong Kong [subhead]

Recently, I went to visit the mainland. Following an exhaustive investigation, I learned that an official in Shanghai. [sentence as published] With the approval of Huang Huang, this official of Anhui Province accepted the task. They adopted a roundabout method of maneuver. They first transferred the applicant from his original place of residence to a place in Anhui Province and then approved his application to go to Hong Kong. After this was done, a person in Hong Kong gave him a car and some other things too. This is the general story of these two cases. [as published] So, the mistakes committed by these two important provincial officials are all related to Hong Kong.

By the end of September, newspapers in Hong Kong were carrying reports that the NPC Standing Committee of Jiangxi Province had placed the discussion of the serious mistakes committed by Ni Xiance on its agenda. However, there were neither detailed reports about the nature of the mistakes by Ni Xiance nor the results of the discussion.

The Case of Ni Xiance Was Not Reported by any Newspapers in Beijing [subhead]

During the last 10 days of October, when I was in Beijing, I purposely leafed through all the newspapers published in Beijing, ranging from RENMIN RIBAO to ZHONGGUO FAZHI BAO, but I could not obtain any detailed reports about the dismissal of Ni Xiance.

The "Six Major Crimes" of Ni Xiance Spreading in Shanghai [subhead]

After I left Beijing for Shanghai, I found that several newspapers in Shanghai had carried reports about the dismissal of Ni Xiance. However, their source of information was not the XINHUA NEWS AGENCY but, instead, my special report. As for what exactly are the mistakes of Ni Xiance, none of these newspapers gave any details.

Through contacting people of various circles, I finally managed to read in the home of a well-informed person a document issued in Nanchang. This document lists six crimes of Ni Xiance: First, he is morally degenerate and depraved. Second, he abandons principles and abuses his powers. Third, he practices favoritism and shields smugglers. Fourth, he divulges secrets and spreads rumors. Fifth, he joined the part by making rebellions during the "Cultural Revolution." Sixth, he persists in his mistakes and resists investigation. However, as under these six labels, no facts were cited and people still do not know exactly what has been going on.

Moreover, the crime that "he joined the party by rebelling during the Cultural Revolution" is also very surprising. Ni Xiance is one of the members of "the third echelon" who were chosen not long ago. If he had been a typical rebel during the Cultural Revolution, he should not have been chosen at all. So, the performance of the same Ni Xiance during the Cultural Revolution did not cause any problem in promotion but became a problem in dismissal. Why?

Huang Huang Takes Bribes From Applicants for Going to Hong Kong [subhead]

Although I did not learn much about the details of the dismissal of Ni Xiance, I learned a lot about the mistakes of Huang Huang. It is said that the main mistake of Huang Huang is taking bribes from applicants for going to Hong Kong. A person in Hong Kong wanted to get a relative (a friend, some people said) to immigrate to Hong Kong. Failing to get approval in the place where he lived because he was unqualified, this relative of the Hong Kong person tried to succeed in Shanghai. As one of the officials thought it was not easy to obtain in Shanghai, he suggested he go to Anhui with handsome gifts. Another version of the story is that the official in Shanghai involved in the case is Yu Tiemin, the secretary of Chen Guodong (the former CPC secretary of Shanghi Municipality). The case of Huang Huang taking bribes from applicants for going to Hong Kong was revealed as a result of investigating and handling the case of Yu Tiemin. It is said that a vice mayor of Shanghai is probably also involved in the case of Yu Tiemin. In addition there are also some other rumors which sound outrageous. I do not want to talk about them in this article. One of the reasons for the starting and the extensive spreading of these sensational rumors is that the events were not promptly and openly reported. The rule of the news media is that "even if the big channels are blocked, the small channels also work." This is something which the decisionmakers of journalistic policies on the mainland should think about!

It so happened that I got the inside story about the dismissal of Ni Xiance while flying from Shanghai to Guangzhou. The person who sat next to me during the flight is a native of Jiangxi Province. Being a responsible person of a certain enterprise in Jiangxi Province, he was very "talkative" and soon changed the topic of conversation to the case of Ni Xiance. As it seemed that he was not only familiar with the relevant situation but also pretty dissatisfied with the newly dismissed provincial governor, I raised some questions on the case. He gave me some very clear answers.

Ni Xiance Shields his Mistress' Moneymaking in Hong Kong [subhead]

He said that Ni Xiance is from Gaomi County of Shandong Province. He once worked in the Dayu Iron and Steel Plant and later became director of the plant. "He is very cunning indeed and has a particular set of methods for currying favor with officials at the upper levels." After establishing a working relationship with former Jiangxi Provincial Governor Zhao Zengyi, he soon won his appreciation. "Very pleased with his flattery, the old man Zhao regarded him as a rare talented person." He promoted him to vice provincial governor several years ago and recommended him as a provincial CPC secretary when deliberating on the list of candidates for membership from the provincial CPC Committee in an effort to replace the old with the new last year. Due to the resolute opposition of the then first secretary of Jiangxi Provincial CPC Committee, Bai Dongcai, the central authorities decided to appoint Wan Shaofen as secretary. Ni Xiance was elected provincial governor in June 1984.

"This chap is an ambitious, mean person," said this native of Jiangxi Province indignantly. Failing to become the top leader of Jiangxi Province, Ni Xiance often made trouble with Wan Shaofen by counteracting her efforts, resulting in unnecessary losses in the work of Jiangxi Province.

Ni Xiance had a mistress whom he sent to be stationed in Hong Kong after he achieved a meteoric rise. "Specializing in dishonest practices, this crooked woman and Ni Xiance make a perfect pair," this Jiangxi native said. As soon as she came to the "dazzling world" of Hong Kong, she became facinated. To unscrupulously make money, she did many illegal things in violation of state interests. For example, she made illegal changes in the prices of commodities, revealed economic secrets, and even teamed up with lawless persons to engage in smuggling. Ni Xiance knew all about this but always tried to cover up her activities and even provided her with every convenience through his post and power. "In fact, this chap worked in partnership with that woman."

The activities of the mistress of Ni Xiance were soon discovered by the departments concerned. However, under the protective umbrella of Ni Xiance, she was not frightened and did not restrain herself. Of course, in the investigation, Ni Xiance was found to be involved in the case. Nevertheless, "as this chap had teamed up with some people and thought that he was very secure and nobody could displace him, he still acted arrogantly." In spite of being investigated, he still went abroad to make inspections in an ostentatious manner.

Precisely because of this, the issue had to be reported to Beijing. After investigation, the State Council made a decision to dismiss Ni Xiance from the post of provincial governor. Afterwards, the NPC Standing Committee of Jiangxi Province finally passed a resolution to dismiss him by the end of September. "It was not an easy task to topple him!" sighed this native of Jiangxi following his introduction.

You can wear out iron shoes in fruitless searching, and yet by a lucky chance you may find what you are searching for without even looking for it. Regarding the inside story of the dismissal of Ni Xiance, this enthusiastic native of Jiangxi provided me with much information which is even unknown to many news organizations.

Acting Jiangxi Provincial Governor Wu Guanzheng [subhead]

When dismissing Ni Xiance, the NPC Standing Committee of Jiangxi Province passed a resolution appointing the former mayor of Wuhan City acting provincial governor. Being a rather famous "star of tomorrow," Wu Guanzheng was born in 1938 and is from Yugan of Jiangxi. From 1959 to 1965, he studied in the Department of Dynamics of Qinghua University. After graduation, he took a 3-year postgraduate course there. He went to work in Gedian Chemical Plant in Wuhan in 1968 as a technician and later became a responsible person of the plant. In 1975, he worked as deputy director of the Scientific and Technological Committee of Wuhan City and was also concurrently director of the Scientific and Technological Engineering Center of Wuhan City. Not long after, he was elected as a standing member of the city CPC Committee. After 1983, he was elected secretary of the CPC Committee and mayor of Wuhan City. On becoming mayor of Wuhan, he opened the first urban vegetable market in the country and allowed the peasants to directly go to the urban areas to sell vegetables, removing the long-standing insurmountable "difficulty in buying vegetables" in Wuhan City. Afterward, he organized some brain trusts involving experts in every field to offer suggestions for the construction of Wuhan, thus making quite a few contributions. He also often makes "inspections in civilian clothes." On one occasion, after he was unjustifiably humiliated by the attendants at a passenger wharf, he made a public self-criticism for being unaware, as a mayor, of the serious extent of the bad service attitude in the city. He decided to adopt some effective measures to resolve the issue. As for the attendants who humiliated him, he did not punish them but educated them to improve their service attitude. As this story was once extensively covered by the newspapers and journals on the mainland, he became a well-known figure in the whole country.

Li Guixian Becomes Secretary of the Anhui Provincial CPC Committee [subhead]

The person who replaced Huang Huang as secretary of the Anhui Provincial CPC Committee is former secretary of the Liaoning Provincial CPC Committee Li Guixian. Fifty-nine this year, he once studied in Mendeleyev Chemical College in Moscow. After returning to China, he engaged in technical work for a long time and once worked as chief engineer of an electronics factory. According to introduction, this engineer is not only a man of action who is versed in vocational work but also a commander who is capable of mastering situations as a whole.

Li Guixian has been in Anhui for nearly half year. It is said that the opinions of people of various circles there about him are not bad. Wu Guanzheng has just gone to Jiangxi and is now familiarizing himself with the conditions. Of course, as for whether they can score wonderful achievements in their new posts, poeple still need to wait and see.

GUIZHOU LEADERS AT FORUM ON LINKS WITH MASSES

HK260554 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 24 Nov 86

[Excerpts] The provincial forum on handling people's letters and visits which concluded yesterday [24 November] demanded that all prefectures and departments further strengthen the work of handling people's letters and visits. Attending the forum were leading comrades including Hu Jintao, secretary of the provincial party committee; Wang Chaowen, deputy secretary of the provincial party committee and governor; Ding Tingmo, deputy secretary of the provincial party committee; Liu Hanzhen, secretary of the provincial Discipline Inspection Commission; and Zhou Yansong, vice chairman of the provincial People's Congress Standing Committee. At the forum, Ding Tingmo said: Doing well in dealing with people's letters and visits is beneficial to achieving stability and unity in society, provides a harmonious and stable social environment for reform, opening up, and economic construction, is beneficial to people carrying democratic supervision of state organs at all levels and of their working personnel so as to promote the basic improvement of party style and the general mood of society, and is beneficial to the party and government organs gathering information so as to understand the will of the people and to improve their work. Leaders at all levels must regard the work of dealing with people's letters and visits as an important matter and grasp it firmly and well.

Ding Tingmo also emphatically pointed out that leaders at all levels must personally handle important problems and cases of handling people's letters and visits. Cadres in charge of the work of handling people's letters and visits must have a high degree of political responsibility, be enthusiastic, fear no trouble, seek truth from facts, work impartially, speak out from a sense of justice, strive to do practical and good work for the masses, and live up the expectations of the party and people.

This forum was jointly held by the general offices of the provincial party committee, provincial People's Congress, and provincial government. [passage omitted] The forum also commended 14 units, including Tongren Prefecture and Xishui County, which had scored marked achievements in handling people's letters and visits.

SICHUAN'S YANG RUDAI'S ARTICLE FOR PARTY JOURNAL

HK281128 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 26 Nov 86

[Text] To meet the needs of strengthening party building in the new historical period, the Sichuan Provincial CPC Committee has decided that beginning January 1987, the DANG DE JIANSHE ZAZHI [PARTY BUILDING MAGAZINE], which was originally run by the Organization Department and Propaganda Department of the provincial party committee, will be turned into a comprehensive organ publication of the provincial party committee.

Yang Rudai, secretary of the provincial party committee, has recently written an article: "Run Party Publications Well According to the Requirements for the Overall Arrangements for Socialist Modernization," on the change in the publication of DANG DE JIANSHE. He demanded: DANG DE JIANSHE ZAZHI must strengthen reform itself, carry forward the spirit of opening up a new path and a realistic attitude, constantly improve the quality of the publication, do everything to strengthen party building for the new period and to completely push socialist modernization forward, and serve the grass-roots party organization and the readers.

Comrade Yang Rudao especially stressed: Doing a good job in DANG DE JIANSHE is not merely a matter of a small number of comrades of the Editorial Department. We must implement the principle of running a publication with the door open and relying on the whole party to run a party publication. It is hoped that party organizations at all levels throughout the province will show concern for and attach importance to the publication for the new period, actively write articles for it, reflect the situation, put forward criticism and suggestions, help the publication do well in communications, distribution, and arrangements for the loan of it for the purpose of reading, and give full play to its role in the course of socialist modernization and party building in our province.

YUNNAN MILITARY DISTRICT STRENGTHENS LEADERSHIP

HK281100 Kunming YUNNAN RIBAO in Chinese 18 Nov 86 p 1

[Report by Li Xin (2621 9515) and He Wu (0149 2976): "Yunnan Provincial Military District Strengthens and Improves Party Leadership"]

[Text] Yunnan Provincial Military District's party organization at all levels have conscientiously strengthened and improved party leadership; have given full play to the core leadership role of party committees at all levels, the role of the party branches as fighting bastions, and the exemplary vanguard role of the vast numbers of party members; and have ensured that the Armed Forces will do a better job of fulfilling all the tasks of defending and building the border areas.

Since the Yunnan Provincial Military District's party rectification work was initiated at the grass-roots level at the beginning of this year, party committees at all levels have insisted on high standards and set strict demands. They acted strictly in accordance with the higher authorities' demands, organized party members to conscientiously study documents on party rectification, deeply carried out education in party spirit and party discipline, and actively carried out criticism and self-criticism. In close connection with the realities that the Armed Forces hold fast all the year round to their frontier positions where conditions are hard and that they shoulder the heavy tasks of resisting the enemy and defending the border areas, party committees of the Armed Forces have conducted education for the vast numbers of party members in the principle of wholeheartedly serving the people and in the lofty revolutionary ideal, and helped party members establish the firm faith [xin nian 0207 1819] in ardently loving the border areas, in working contentedly in the border areas, and in being ready to dedicate everything to the border areas.

In close connection with the work of reducing troops and reorganizing the Armed Forces, party committees at all levels adopted practical measures to get rid of various unhealthy practices. The Yunnan Provincial Military District party committee and related organs took the lead in checking various unhealthy practices such as improperly promoting people to be cadres, engaging in trade in violation of regulations, giving dinners, and sending gifts. They also strictly abided by the relevant regulations by not accepting any subordinate unit's dinner invitation during their inspection tours, by voluntarily paying the prescribed fares after the use of an official car for handling private affairs, and by not seeking special preferential treatment for their children, relatives or friends. With the impetus given by the provincial Military District party committee and related organs, all their subordinate party committees at all levels strictly put themselves under the supervision of the masses, quickly checked all kinds of violations of discipline, and promptly handled serious violations of the law and discipline in accordance with party discipline and the law.

The Yunnan Provincial Military District successfully fulfilled its party rectification tasks in early November. Through the party rectification, the district has conscientiously strengthened and proved party leadership clearly improved party style, and has given full play to the core leadership role of party committees at all levels, the role of the party branches as fighting bastions, and the exemplary vanguard role of the vast numbers of party members. Under the leadership of party organizations and the vast numbers of party members, the commanders and fighters of the district have worked hard, fought tenaciously in the border areas, and won quite a few victories during the counterattacks against those Vietnamese troops who invaded our country. The district has done a relatively good job of promoting Army management, education, construction, production, and militia building. It has also done well in promoting the Army's revolutionization, regularization, and modernization.

YUNNAN PARTY PLENARY SESSION CONCLUDES

HK030147 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 2 Dec 86

[Excerpts] The Secondary Plenary Session of the Fourth Yunnan Provincial CPC Committee concluded in Kunming today. The session examined and approved a draft decision of the provincial party committee on studying and implementing the CPC Central Committee's resolution on the guiding principles for building socialist spiritual civilization. It examined and approved in principle draft proposals of the provincial party committee on formulating the province's Seventh 5-Year Plan for economic and social development. The meeting also elected (Bao Yongkang), director of the Organization Department of the provincial party committee, as an additional member of the Standing Committee of the provincial party committee.

The session was held on 2 December. It was preceded by a 7-day preparatory meeting. During this meeting, the participants listened to a report delivered by Pu Chaozhu, member of the CPC Central Committee and secretary of the Yunnan Provincial CPC Committee, on studying and implementing the spirit of the 6th Plenary Session of the 12th CPC Central Committee. The participants studied in conjunction with reality the CPC Central Committee's resolution on the guiding principles for building socialist spiritual civilization. [passage omitted]

The participants also listened to a report by He Zhiqiang, deputy secretary of the provincial party committee and governor, conveying spirit of the national rural work conference, and studied and discussed it. [passage omitted]

In his report, Comrade Pu Chaozhu demanded that the whole party, and especially the leading cadres at all levels, first do a good job in studying the central resolution. They should get a clear idea on the basic concepts of the resolution in the following aspects: 1) Correctly view the important strategic position of building socialist spiritual civilization from the plane of the all-round scheme for socialist modernization. 2) Clearly understand the relationship between building material and spiritual civilization. 3) Uphold the four basic principles and also persevere in reform and opening up. 4) Persevere in unity in construction and correctly handle the various contradictions in socialist society. 5) The fundamental task of building socialist spiritual civilization is to cultivate citizens who possess the four good characteristics and to improve the two qualities of the whole nation. 6) Clearly understand the relationship between the common ideal and the supreme ideal. 7) Understand that ethics is the reflection of the economic base and a product of historical development. 8) Clearly understand the relations between democracy and legal system and between freedom and discipline. 9) Persevere in and develop Marxism. 10) Strengthen and improve party leadership.

Only by truly understanding these basic viewpoints proposed by the resolution, grasping the spiritual essence of the resolution, gaining further understanding from integrating theory with practice, achieving a flying leap in ideological understanding, and avoiding deviations in comprehension and mistakes in practice can we implement the resolution in an all-round and accurate way and spur the advance of building the two civilizations.

In light of the spirit of the central authorities' instructions and in connection with Yunnan realities, Comrade Pu Chaozhu proposed the following eight tasks to be done by the province this winter and next year in building spiritual civilization:

1. The current primary task is to organize the cadres at all levels to study the documents in a deep-going and serious way and thoroughly understand the resolution's basic viewpoints and spiritual essence.

2. In connection with basic-level party rectification in the urban and rural areas, conduct education in ideals and discipline for the whole party and the whole people.

3. Step up education in professional ethics, and correct sectoral malpractices.

4. Establish the concept of socialist commodity economy, and bring out and strengthen the people's skill in commodity production.

5. Get a further grasp of education and science and technology work, to improve the scientific and cultural qualities of the whole people.

6. Do a good job in publicizing the advanced deeds of combat heroes and model figures, and establish a new style of the five loves.

7. Concentrate on grasping the building of spiritual civilization in the cities and in medium and small towns at the level of county seat and above.

8. Strive to improve the work style of the leading organs, overcome bureaucratism, and improve work efficiency. [passage omitted]

YUNNAN COMPREHENSIVE LAND USE PLAN COMPLETED

HK011005 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 30 Nov 86

[Text] The province's first land use plan, the comprehensive land use plan for Zhaotong Prefecture in the lower reaches of the Jinsha Jiang, was basically completed after 2 years of hard work. The provincial party committee, the provincial people's government, the Zhaotong prefectural party committee, and the Zhaotong Prefectural Administration Office have paid serious attention to the land use planning in the lower reaches of the Jinsha Jiang. They have organized over 130 specialists, engineering and technological personnel and cadres to carry out the planning work. After conducting painstaking and meticulous on the spot investigations and scientific survey and carrying out repeated discussions, examinations, and revisions, materials of hundreds of thousands words on the comprehensive land use for Zhaotong Prefecture in the lower reaches of the Jinsha Jiang have now been compiled, thus providing a scientific basis for economic development in this prefecture. The projects of highway and navigation set in the plan are now being carried out vigorously.

HEBEI CONGRESS STANDING COMMITTEE MEETING ENDS

SK030711 Shijiazhuang HEBEI RIBAO in Chinese 19 Nov 86 pp 1, 3

[Excerpts] After a 5-day session, the 23d Standing Committee meeting of the 6th provincial People's Congress concluded in Shijiazhuang City on the afternoon of 18 November.

During the meeting, the participating members earnestly studied the "resolution" made by the CPC Central Committee with regard to the guiding principles of building a socialist spiritual civilization and the spirit of the Third Plenary Session of the Third Hebei Provincial CPC Committee. They discussed the work of the provincial People's Congress Standing Committee for 1987 and earnestly examined a report on the provincial "provisions" (draft) with regard to the popularization of agricultural technology, the report given by the provincial people's government with regard to the trial implementation of he provincial "provisions" on labor safety and sanitation of industrial and mining enterprises; and the report on the province's work done in helping the poor.

During their discussions, the participating members held that making a success in studying the "resolution" made by the CPC Central Committee with regard to the guiding principles of building a socialist spiritual civilization represents an important task at present. In studying the resolution, efforts should be made to intergrate theories with practice and to guard against studying it as a mere formality. They held that enhancing the building of democracy and legal systems represents an important content in building a socialist spiritual civilization and a fundamental guarantee of bringing about long-lasting peace and order to the country. However, many problems, which have been caused by the influence of feudalistic remains, leftist ideology, and old habits, continue to crop up in building democracy and legal systems. Under such influence, some cadres still lack full understanding of the importance of democracy and legal systems and clear understanding of the character, position, and function of the People's Congress Standing Committee. They are even weaker in their sense of democracy, legal systems, and the motherland. There are still many problems cropping up among these cadres, such as doing things without upholding democracy and according to the law, enforcing the law in a nonstrict manner, and not dealing with the cases violating the law. Such phenomena as giving oral orders instead of following the law, looking down upon the law have often occurred. All of these problems merit our attention and should be dealt with earnestly. [passage omitted]

At the plenum of the meeting held on the afternoon of 18 November, the participating members approved the namelist of some personnel changes.

Wu Qingcheng, vice chairman of the provincial People's Congress Standing Committee, presided over the meeting and delivered a speech. Attending the meeting were Sun Guozhi, chairman of the provincial People's Congress Standing Committee; and vice chairmen of the provincial People's Congress Standing Committee, including Yue Zongtai, Zhang Zhenchuan, Pan Chengxiao, Liu Ying, Zhang Kerang, Wang Yu, and Wang Youhui. Among those who attended the meeting as observers were Zhang Pingdong, president of the provincial People's Court; Liu Zhiqi, chief procurator of the provincial People's Procuratorate; and responsible persons from the departments concerned under the provincial people's government, from various departments and commissions under the provincial People's Congress Standing Committee, and from the People's Congress Standing Committees of nine provincial level cities.

HEBEI APPOINTMENTS, DISMISSALS ANNOUNCED

SK030155 Shijiazhuang HEBEI RIBAO in Chinese 19 Nov 86 p 3

[Text] On 18 November 1986, the 23d Standing Committee meeting of the 6th Hebei Provincial People's Congress adopted a new personnel namelist:

Gao Yongtang [6750 3057 1016] was appointed director of the Hebei Provincial Radio and Television Department; and Cao Jinshang [2580 6855 4545] was appointed director of the Hebei Provincial Economic and Technological Cooperation Office.

Wu Yingcai [0702 5391 2088] was released from his post of director of the Hebei Provincial Radio and Television Department.

NEI MONGGOL SECRETARY SPEECH AT REGIONAL MEETING

SK011213 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 28 Nov 86

[Text] In his summary speech at the regional meeting of banner and county party committee secretaries, Zhuang Shuguang, secretary of the regional party committee, pointed out: Only when we hold high the banner of unity and construction; grasp the common aspiration of the people by seeking political stability, unity, and wealth through labor; attend to the key orientation of developing animal husbandry through growing grasses and planting trees; emancipate our minds; expand our field of vision; blaze new trails through reform; and pioneer the road of advance, a new situation in which flowers blossom in a riot of color will certainly emerge in the flower garden of Nei Monggol.

Comrade Zhang Shuguang said: Implementing the guidelines of this meeting is a central task at present and during the early days of next year. Party committees and governments at all levels should make a unified plan to firmly implement the guidelines of the meeting, in particular grasping the initial stage of implementing the guidelines of the meeting.

First, we should organize forces to study the guidelines of the meeting in an effort to ceaselessly upgrade the quality of cadres and the level of leadership. The regional party committee has decided to organize cadres to study documents in three fields from the beginning of 1987 in order to master three skills. The first is to study the CPC Central Committee's resolution on general principles for building a socialist spiritual civilization to master the skill of grasping the two civilizations at the same time. The second is to study the basic knowledge of politics and economics to master the skill of guiding the development of the socialist commodity economy. The third is to study the party constitution and the guiding principles for inner-party political life to master the skill of playing an exemplary role in correcting party style and grasping party building. Standing Committee members of the regional party committee should take the lead in studying these documents and play an exemplary role in organizing and guiding cadres at all levels to study the documents. Key leading cadres at all levels should also set an example for cadres subordinate to them to study the documents. During the course of study, we should continue to stress the principle of linking theory with practice, transform the world outlook, solve the practical problems that exist in our work, and strive to improve thinking on implementing the party's principle of seeking truth from facts and the awareness to implement policies and principles, to blaze new trails through reform, and to pioneer the road of advance.

Second, leading cadres should play an exemplary role in strengthening the construction of party style and party organizations first among leading bodies. All party-member cadres, in particular leading cadres of party organizations at all levels, should always remeber that they are Communist Party members, act in line with the requirements of party members, keep themselves within the bounds of party discipline, place themselves in a position under the supervision of the masses to exercise collective leadership, and always play an exemplary role to mobilize, influence, and infect the people subordinate to or around them. Principal leaders of the party committees and governments at all levels, in particular top leaders and second level leaders, should play an exemplary role in abiding by the party constitution and the guiding principles for inner-party political life among people in general.

Conducting education on professional ethics is the key content of the region's spiritual civilization for 1987 as well as a specific measure for straigtening out party style and improving social conduct. To conscientiously grasp it, the regional party committee has emphasized that the party and government organs, in particular the organs under the regional party committee, should play an exemplary role in grasping it. Departments under party committees and governments at all levels should draw up rules for professional ethics in line with their actual conditions. Party committees at all levels should give guidance on conducting education on professional ethics to departments and units subordinate to them. To strengthen the construction of party organizations, in particular the construction of leading bodies at all levels, the regional party committee stressed that we should improve the ideological level, correctness, and principled nature of the party activities; and that the party organizations must perfect the party's organizational activities. In conducting organizational activities, the leaders at all levels should constantly make comparison and examination in two spheres. The first is to make comparison and examination in line with the guiding principles for inner-party political life, in particular the first five requirements set forth in the principles. The second is to make comparsion and examination in line with the demand of stability and unity. Stability and unity is the prerequisite for achieving work in all fields and a situation that the Nei Monggol Autonomous Region should seek. The party committees at all levels, party members at all levels, and the people from higher and lower levels should believe, respect, learn from, support, understand, and encourage each other. Leaders should abide by the law and discipline, be impartial, have a sense of principle, straighten things out face to face, be strict with themselves and broad-minded towards others, take the entire situation into consideration, consciously persist in the principle of being united to make progress, and play an exemplary role in safeguarding and strengthening unity.

Third, we should do a good job in relaying and implementing the guidelines of this meeting. The general requirement of the regional party committee is that we should act in line with the party's ideological line of seeking truth from facts, proceeding from reality, stressing focal points, and emphasizing practical results. Leaders at all levels should have the responsibility to specifically implement, in association with the actual conditions of the localities and departments, the principles formulated by the higher levels, and to regularly go deep into the grassroots and the masses to ceaselessly and in a timely manner learn and sum up fresh experiences in an effort to guide and promote work in all fields.

Fourth, we should conscientiously study and implement the resolution adopted at the 6th Plenary Session of the 12th Party Central Committee. All localities and departments should conscientiously grasp the study of the resolution, and units from higher to lower levels should formulate plans for implementing the resolution of the 6th Plenary Session of the 12th Party Central Committee and for developing spiritual civilization during the Seventh 5-Year Plan period.

Fifth, we should discuss, implement, and perfect the draft program on developing animal husbandry through growing grasses and planting trees, which is being implemented on a trial basis. This draft program will be submitted to the third plenary session of the fourth regional party committee for approval through strict procedures, and will then be printed and distributed to grass-roots party organizations. In line with the principles set forth in the draft program, the leagues, cities, banners, counties, and the units directly under the regional departments should formulate plans for implementing it.

Sixth, we should select and grasp focal points of work. First, we should grasp key contradictions and solve key problems. Second, we should grasp the work of key areas. Third, we should grasp the transformation of our thinking. Fourth, we should pay attention to the work of leagues, cities, banners, counties, and departments with a focus on that of banners and counties. Fifth, we should grasp typical cases.

Seventh, we should conduct discussions in a massive manner on eliminating poverty, seeking wealth, and attaining the goal of being comparatively well-off. This is an activity of linking a common ideal with practical work and linking cadres with the masses as well as one for the cadres and the masses to conduct self-education. It also embodies the mass line of the party. We should conduct this discussion activity throughout the region next year.

Eighth, we should sum up experiences, commend the advanced, and establish a tendency for learning from typical models. All localities and departments should sum up the experiences in developing animal husbandry through growing grasses and planting trees, and commend advanced collectives and individuals. The regional party committee and government plan to make a decision on disseminating several advanced and typical experiences while the party committees and governments at or above the banner and county level should base on grasping typical experiences to conscientiously sum up experiences, and appraise and commend a group of advanced collectives and individuals emerging from the work of developing animal husbandry through growing grasses and planting trees.

Ninth, we should make good arrangements for the work for this winter and next spring. From now to next May, we should focus on grasping the work of fighting disasters to protect animals and providing for and helping ourselves by engaging in production, and well organize the industrial, agricultural, and livestock production for next spring. Party committees and governments at all levels should consciously strengthen leadership, go deep into the forefront of disaster-fighting work, give specific organizational instructions to the people, and really rely on and mobilize the masses to capture new success in fighting disasters to protect animals and providing for and helping ourselves by engaging in production, and to lay a good foundation for fulfilling the tasks of next year.

HONG KONG

FIFTH SINO-BRITISH LIAISON GROUP MEETS

'Text' of Communique

OW281045 Beijing XINHUA Domestic Service in Chinese 0755 GMT 28 Nov 86

[Text] Beijing, 28 Nov (XINHUA) — The fifth meeting of the Sino-British Joint Liaison Group issued a press communique here today. The full text of the communique follows:

The fifth meeting of the Sino-British Joint Liaison Group was held from 25 to 28 November 1986 in Beijing. The meeting discussed a number of subjects and achieved positive results.

Both sides noted that it is of great importance for Hong Kong to maintian the stability and efficiency of its civil service. The Liaison Group held a thoroughgoing discussion on the new pension scheme for civil servants and reached full agreement.

The Liaison Group held a further detailed discussion on the legislative aspects of the right of abode endorsement and made good progress.

On the basis of the work done by the sub-group of international rights and obligations experts, the Liaison Group reached agreement on the means for the Hong Kong Special Administrative Region to maintain its associate member status in the International Maritime Organization and on the approach to be adopted toward the continued application of maritime conventions relevant to Hong Kong.

The Liaison Group also reached agreement on how to ensure that the Hong Kong Special Administrative Region would continue to participate in an appropriate capacity in the activities of the International Telecommunications Union and continue to exercise autonomy in its telecommunications services.

The Liaison Group had a useful exchange of views on the role of Hong Kong in the Customs Cooperation Council.

The Liaison Group expressed appreciation for the large amount of work done by the experts of both sides before and during the meeting. The Liaison Group decided that its next meeting would take place in Hong Kong from 17 to 20 March 1987.

Group Attends Banquet

OW282122 Beijing XINHUA in English 1629 GMT 28 Nov 86

[Text] Beijing, November 28 (XINHUA) — Chinese Vice-Foreign Minister Zhou Nan gave a banquet here tonight for both sides to the Sino-British Joint Liaison Group.

In his toast, Zhou said that the five meetings since the establishment of the group have all been held in the spirit of friendship and accomodation and in strict accordance with the Sino-British Joint Declaration on Hong Kong.

He said he had been informed of the progress of the fifth meeting of the group which ended today and had taken note of many new faces in the group. "This shows the scope of our work is expanding," he noted.

"In the days to come," Zhou went on, "no matter whether there is a change in the membership or not, both sides should continue to work in the spirit of friendly cooperation and in strict adherence to the Sino-British Joint Declaration, so as to ensure smooth transfer of power of Hong Kong in 1997 and contribute to Hong Kong's prosperity and Sino-British friendly relations."

British Ambassador to China Richard Evans said that Sino-British relations are now in a good state. Both sides to the Joint Liaison Group have done a lot of useful work. The fifth meeting of the group was marked by professionalism and friendship, he added.

British Memo on Certificates

HK290554 Hong Kong SOUTH CHINA MORNING POST in English 29 Nov 86 p 2

["Text" of British Memorandum on use of Hong Kong certificates of identity after 3d June 1997 exchanged in Beijing on 27 November at fifth meeting of Sino-British Joint Liaison Group]

[Text] The Embassy of the United Kingdom of Great Britain and Northern Ireland in the People's Republic of China have the honor to refer to the discussions in the Sino-British Joint Liaison Group on the question of Hong Kong Certificates of Identity and related matters and the relevant provisions in Section XIV of Annex I to the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong.

The embassy also refers to the exchange of memoranda between the Embassy and the Ministry of Foreign Affairs dated April 11, 1986.

To ensure that holders of Certificates of Identity will not experience difficulty when travelling abroad in the period immediately before and after 1997, the Hong Kong Government will continue to issue Certificates of Identity with a 10-year validity during the period extending from July 1, 1987, to June 30, 1997, inclusive. It is the understanding of the United Kingdom Government that such Certificates of Identity may continue to be used after June 30, 1997, until their due expiry dates. It is further the understanding of the United Kingdom Government that any reference to "Hong Kong" in Certificates of identity issued by the Hong Kong Government before July 1, 1997, will, on and after July 1, 1997, be taken to mean the "Hong Kong Special Administrative Region [SAR]" of the People's Republic of China.

To ensure that a Certificate of Identity is acceptable for the purpose of international travel before and after 1997, the following endorsement will be added to Certificates of Identity whose holders have the right of abode in Hong Kong and hold permanent identity cards stating the right:

"The holder of this Certificate of Identity has Hong Kong permanent identity card number (xyz) which states that the holder has the right of abode in Hong Kong."

The United Kingdom Government understands that the Government of the People's Republic of China shall authorise the Hong Kong Special Administrative Region Government to issue, on and after July 1, 1997, in accordance with the law, passports of the Hong Kong SAR of the People's Republic of China to all Chinese nationals who hold permanent identity cards of the Hong Kong SAR, and travel documents of the Hong Kong SAR of the People's Republic of China to all other persons lawfully residing in the Hong Kong SAR.

To enable Certificates of Identity issued between July 1, 1987, and June 30, 1997, inclusive to be suitable for use after June 30, 1997, the United Kingdom Government will modify the present Certificate of Identity by introducing the changes described in the annex.

The United Kingdom government understands that the Government of the People's Republic of China will, when necessary, state to the governments of third countries that holders of Certificates of Identity carrying the endorsement referred to in paragraph 3 above will be entitled to return to the Hong Kong SAR after June 30, 1997 and that any reference in such certificates to "Hong Kong" will be taken, on and after July 1, 1997, to mean the "Hong Kong SAR."

Annex [subhead]

The present Hong Kong Certificate of Identity will be modified by:

(1) Front cover: removing the crest at centre and leaving the space blank,

(2) page one: removing the crest below the words "certificate of identity" and leaving the space blank,

(3) page three: replacing "countries" by "parts of the world" in the first sentence and deleting the words "except China Macao",

(4) page four and pages six to forty-four: replacing the overprinting of the crest by another security design,

(5) page four: adding the following endorsement: "the holder of this certificate of identity has Hong Kong permanent identity card number (xyz) which states that the holder has the right of abode in Hong Kong",

(6) inside back cover:

(a) deleting note 3 which states that the holder is not entitled to British consular protection, and

(b) deleting the words "or to the nearest British High Commission or Consulate" from the second sentence of Note 5 (to be renumbered as note 4) which refers to what the holder should do if he loses his certificate of identity (see note below), and

(7) removing all other colonial insignia such as crests which appear on the Hong Kong immigration officers' stamps.

Note: Holder of Certificates of Identity do not require this instruction as they invariably know that they need to contact the Immigration Department in Hong Kong and it does not matter whether they contact the department through the British Consulate or, as is more usually the case, through their relatives in Hong Kong.

Chinese Memo on Certificates

HK290600 Hong Kong SOUTH CHINA MORNING POST in English 29 Nov 86 p 2

["Text" of "translation" of Chinese memorandum on use of Hong Kong Certificates of Identity after 30 June 1997 exchanged in Beijing on 27 November at fifth meeting of Sino-British Joint Liaison Group]

[Text] The Ministry of Foreign Affairs of the People's Republic of China acknowledges receipt of the Memorandum dated November 27, 1986 of the Embassy of the United Kingdom of Great Britain and Northern Ireland in the People's Republic of China concerning Hong Kong Certificates of Identity and related matters and, with reference to the relevant discussions of the Sino-British Joint Liaison Group, has the honour to elaborate the position and understanding of the Government of the People's Republic of China on the relevant questions raised in the United Kingdom memorandum as follows:

In accordance with the relevant provisions in Section XIV of Annex 1 to the Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland on the question of Hong Kong the Government of the People's Republic of China will allow Certificates of Identity (modified as described in the annex to the United Kingdom Memorandum and issued by the Hong Kong Government between July 1, 1987 and June 30, 1997 inclusive with the normal 10-year validity) to continue to be used after June 30, 1997 until their due expiry dates.

The Government of the People's Republic of China will agree that the Hong Kong Government may add an endorsement to Certificates of Identity issued between July 1, 1987 and June 30, 1997 inclusive to show the holder's right of abode in Hong Kong where the holder has that right.

In accordance with the foregoing, any reference to "Hong Kong" in Certificates of Identity issued between July 1, 1987 and June 30, 1997 inclusive will, on and after July 1, 1997, be taken to mean the "Hong Kong Special Administrative Region". For this, the Government of the People's Republic of China expresses its understanding.

The Central People's Government shall authorise the Hong Kong Special Administrative Region Government to issue, on and after July 1, 1997, in accordance with the law, passports of the Hong Kong special Administrative Region of the People's Republic of China to all Chinese nationals who hold permanent identity cards of the Hong Kong Special Administrative Region, and travel documents of the Hong Kong Special Administrative Region of the People's Republic of China to all other persons lawfully residing in the Hong Kong Special Administrative Region.

To facilitate travelling abroad by holders of certificates of identity, the Government of the People's Republic of China will, when necessary, state to the governments of third countries that holders of certificates of identity carrying the endorsement as set out in Paragraph 3 of the United Kingdom memorandum will be entitled to return to the Hong Kong Special Administrative Region after June 30, 1997, and that any reference then to "Hong Kong" will, on and after July 1, 1997 be taken to mean the "Hong Kong Special Administrative Region" of the People's Republic of China.

HONG KONG GOVERNOR, TRADE DELEGATION ARRIVE

OW011124 Beijing XINHUA in English 1030 GMT 1 Dec 86

[Text] Beijing, December 1 (XINHUA) -- A 26-member economic and trade delegation from Hong Kong led by Lydia Dunn, chairman of the Hong Kong Trade Development Council, arrived here today at the invitation of the China Council for the Promotion of International Trade.

Sir Edward Youde, governor of Hong Kong, and Mrs. Youde also came with the delegation as special guests.

The delegation was greeted at the airport by Jia Shi, president of the China Council for the Promotion of International Trade, and Sir Richard Evans, British ambassador to China.

The delegation is here to attend the opening ceremony of an exhibition of Hong Kong products Wednesday and another ceremony marking the opening of a Beijing office of the Hong Kong Trade Development Council.

The delegation will also discuss with Chinese departments further economic cooperation and trade between mainland and Hong Kong during China's Seventh 5-Year Plan (1986-1990) for socio-economic development.

Jia Shi is scheduled to host a dinner for the Hong Kong delegation here this evening.

Officials Attend Ceremony

OW011932 Beijing XINHUA in English 1603 GMT 1 Dec 86

[Text] Beijing, December 1 (XINHUA) -- The Diaoyutai Hotel Ltd. was set up here today to implement a contract signed in September between the Diaoyutai Economic Development Company and the Tian An (Beijing) Development Co. Ltd of Hong Kong.

According to the agreement, both sides will build a five-star hotel near the Diaoyutai state guest house complex, covering a floor space of 35,000 square meters. The total investment comes to 42 million U.S. dollars. The construction of the hotel is expected to be completed in 1989.

Tonight, Hua Renqin, chairman of the Diaoyutai Hotel Ltd., presided over a reception marking the founding of the company.

Among those present were Chinese State Councillors Ji Pengfei and Gu Mu as well as Hong Kong Governor Sir Edward Youde.

Councillors, Governor Meet

OW021551 Beijing XINHUA in English 1526 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) -- The Chinese mainland's exports to Hong Kong this year are expected to approach seven billion U.S. dollars, a big increase over last year.

This was noted by Ji Pengfei, state councillor and director of the Hong Kong and Macao Affairs Office under the State Council, here today at a meeting with a visiting Hong Kong economic and trade delegation.

Hong Kong Governor Sir Edward Youde, who came with the delegation as a special guest, also hoped that the bilateral trade next year would increase at this year's rate.

"We hope trade between the mainland and Hong Kong will expand year by year," Ji said.

Speaking at a banquet in honor of the delegation he hosted later, Ji said, since the signing of the Sino-British Joint Declaration on Hong Kong two years ago, Hong Kong's society has been stable, the market flourishing and the economy buoyant -- "as good as we expected."

Hong Kong's foreign trade, an important component of the territory's economy, is expected to see a considerable increase this year despite difficulties caused by protectionism, he said, adding, "we sincerely hope that Hong Kong will maintain its stability and prosperity."

He also expressed the belief that the exhibition to be opened here tomorrow by Hong Kong's Trade Development Council would promote and extend economic and trade ties between the mainland's inland areas and Hong Kong.

Lydia Dunn, head of the delegation, said Hong Kong has run many promotions in the mainland and opened a Beijing office of the Trade Development Council this year. Soon, she said, the Shanghai office will begin to offer services.

Earlier today, Wang Bingqian, state councillor and minister of finance, met Lydia Dunn, Governor Youde and the delegation members.

HU YAOBANG MEETS HONG KONG BUSINESSMAN

OW021156 Beijing XINHUA in English 1147 GMT 2 Dec 86

[Text] Beijing, December 2 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, met here today Yue-kong Pao, honorary chairman of the Hong Kong Worldwide Shipping Group. They discussed the economic development of Ningbo, Pao's hometown in East China's Zhejiang Province. Hu praised Pao for his donations to set up Ningbo University and his contributions in other parts of China.

Pao said he was pleased that Hu supported Ningbo's economic development.

Chinese State Councillor Gu Mu was present at the meeting.